

# THE CONSERVATIVE OUTLOOK

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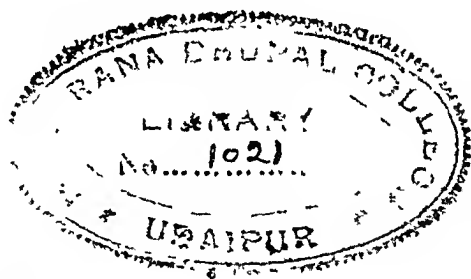
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# THE CONSERVATIVE OUTLOOK

BY

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WITH A FOREWORD BY  
THE PRIME MINISTER



CHAPMAN  
AND HALL<sup>LD</sup>



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# THE CONSERVATIVE OUTLOOK

## CHAPTER I

### THE BED-ROCK OF THE TORY FAITH

DURING the last ten years the opinion has been growing that in the near future there will be only two parties in British politics—the party that supports and the party that opposes the doctrines of Socialism. This opinion is certainly confirmed by a good deal of evidence. We have seen an astonishing growth in the Socialist vote; we have seen the complete capture of Trade Union organisation by Socialist politicians; we have seen the formation of a Socialist group in the House of Lords; we have seen conspicuous desertions from the Liberal Party to the Socialist and to the Conservative benches; we have seen a Socialist Government actually in office. But perhaps the most interesting phenomenon was the obliteration of the Liberal Party at the last election, when, without doubt, the country came to the

conclusion that Socialism was the vital issue, and selected the Conservatives mainly on the ground that they were its most resolute and effective opponents. On the platform, in the Press, at our respective party conferences, in the course of private conversation—at every turn we remark the strong preoccupation of politicians and the public with this controversy, so that, not unnaturally, it overshadows all other questions. I have no doubt myself that the Socialists are the enemy with whom we have immediately to deal. Where they confront us (to use the jargon of the War) we have the important “theatre.” Upon them we must concentrate, perhaps regarding the Liberals, to pursue the analogy, as we regarded certain neutral Powers in those days—Powers that affected neutrality while secretly sympathising with and encouraging the enemy. I should, I feel, be bound to say to any young man embarking on a political career who asked me to advise him upon a course of study: “Read the history of the Socialist Movement, study its current phases and methods, search for its fallacies, prepare your defence, and counter-attack.” If war is an affair of trenches, we must learn the technique of the trenches; and if it is an affair of the hills, or the jungles, or the veldt, in each case there is an appropriate technique which we must learn, or perish. That is the immediate problem, no

doubt. But to be an expert in one particular branch of warfare is not to be a soldier, after all. And to be a mere Anti-Socialist is not to be a Tory. General Braddock (if I remember rightly) met with disaster at Fort Duquesne. He and his men had not learned the art of Indian-fighting in the forests, which was their immediate problem. But, speaking generally, the disciplined soldier, steeped in regimental traditions, with a high sense of military duty, will maintain the highest record of achievement over a long period. The Guards have never failed.

And history teaches us that the Tory Party is always in danger of losing its creative qualities and forgetting its highest ideals at those very moments when the nation suffers from panic and calls upon it to concentrate on the destruction of the Jacobin. The tragedy of William Pitt's life is that the energy and genius which would otherwise have been devoted to securing reforms, for which his adversaries got the credit long after he was dead, were perforce deflected to defending his country against the Bolsheviki of a hundred and thirty years ago. It was his duty to put into action that hatred of the Jacobin which his countrymen felt and which Burke, with unsurpassed eloquence, expressed. It was his duty, in fact, to be a pure Conservative, and that too often only means to be a Liberal in a fright. He did his

duty and died of it, having, no doubt, saved his country and left undone nearly all the things which it was his heart's desire to do.

So Mr. Baldwin's Party to-day is faced with an almost identical situation. Once more a great people has practically reproduced the phenomena of the French Revolution; has called upon the world to worship its idols; has established its agencies everywhere; has recognised in Britain its natural enemy; has practised murder and theft whilst preaching mercy and equity; has said to mankind "*Soyez mon frère, ou je te tuerai*," and has (just as in 1794) commanded the tremulous allegiance of the modern Foxes and Paines. The Jacobin Clubs of those days are represented by the Communist "nuclei" of our own; he who turns to read the speeches of Danton and Robespierre might fancy himself perusing the *Pravda*; whilst our Snowdens and MacDonalds attitudinise like Charles James Fox. So Mr. Baldwin has Mr. Pitt's place and Mr. Pitt's task, and Burke's speeches are once more "up to date." And there, of course, is precisely where the danger lies. When a ferocious mob threatens to burn down the old château, we have to defend it, with all its faults, and put off until quieter times the reparations and improvements we have designed. And thus we may easily be accused of being (and we may very easily become) the champions of dirty

rooms and obsolete sanitation simply because we have no time to decorate and put in new bathrooms while we are fighting the flames. Briefly, it is in crises like those of Mr. Pitt's time and Mr. Baldwin's time that the Conservative spirit is most necessary, most popular, and *most dangerous* ! Our neighbours rally round, the mob disperses, the old mansion is saved, and—we are too exhausted to continue the repairs. We have also, in all probability, fraternised with and come under obligations to quite a number of odd people who have come to our assistance, and now claim to be our friends, though they are not very congenial and we never saw them before. They are, of course, Liberals in a fright. Most of them in their time have curried favour with the mob by cursing the château and the seigneur. Now the mob means business, and their villas and factories are likely to share the bonfire. They instantly become Conservatives ; and while they certainly save the situation for the moment, their adherence to their new cause generally destroys its real character for at least a generation.

We must keep our heads, therefore : we must learn not only how to fight Socialism, but also why it is that we are fighting it. We must learn from past experience the true nature of our ideals, and recognise the familiar signs which mean that those ideals are being abused. “ Lost causes and

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impossible loyalties" are often found, a few centuries later, to be causes that have won and loyalties that have survived; while, on the other hand, our party has sometimes "gained the whole world and lost its own soul."

It is therefore extraordinarily encouraging to see how many books have been recently published upon the history and tradition of our party, books rich in scholarship, historical imagination, and philosophical grasp of principles: books, too, written by men who have obviously been examining these traditions not merely with the object of recording the dead past, but of distilling from it all that is of practical value for the future. And it is remarkable that most of the writers have emphasised, after the manner of Disraeli, the Tory tradition as the most important element in the composition of our modern creed.

I should urgently impress upon my young student the desirability of studying this literature in order that he may appreciate the dangers of a purely negative attitude, and be prepared to offer to the sorely perplexed men of our time some better ideals in the place of the Socialist system he is urging them to reject. I am now only attempting to give him an outline of the characteristics and ideals of Toryism as I have gathered them both from these recent works and from my study of the sources. I prefer the phrase

“characteristics and ideals” to the word “principles,” for it should be noted at the outset that the Tory mind has always had a distaste for those abstract principles so dear to the Jacobin, the Radical, the Socialist, and the Communist. “The Rights of Man,” “Democratic Ideas,” “Abstract Justice,” “Social Contracts,” all the stock-in-trade of the encyclopædist and the doctrinaire, are to the Tory mind dangerous idols upon whose altars the happiness of peoples has been sacrificed over and over again. Mr. Walter Elliot, in his brilliant little book *Toryism and the Twentieth Century*, has pointed out that our method is that of the biologist and not of the mathematician. Maurice Woods expresses the same idea by saying that we are Aristotelians, not Platonists. And Disraeli was thinking on these lines when he insisted on the importance of race, of the national character, and of the “sublime instincts of an ancient people.”

It is for this reason, then, that the Tory Party tends to be national. It is concerned not with the rights of man, an abstract idea which may have no correspondence with any actual experience, but with the rights of Englishmen, which exist and are ascertainable. These latter “rights” have grown with the development of social and political life in our own country, and the Tory feels a loyalty, now almost an instinct, for certain

institutions which he thinks have helped to make and preserve them. They are not unalterable, of course, but they have grown and developed, as the Common Law has grown and developed; and it is most significant in this connection to note how the innate Toryism of the English has preferred a law based mainly on judicial decisions, on the cases as they have actually occurred, to a great codex based on the principles of jurists. An obvious consequence of this tendency is a respect for continuity. A violent break with the past means one of two things: either we must begin afresh to build up, disdaining the assistance of past experience, laboriously and painfully, another structure of rights and duties—and it is certain that the old problems will confront us again, and the old mistakes be repeated; or we must start on a basis of abstract rights, and draw rigidly logical inferences therefrom, on an *a priori* method, which the Tory feels sure will mean putting poor human nature on a social “bed of Procrustes.” Nature does not act so; she has ways of her own which the philosopher cannot explain. But the Tory, like the biologist, watches and observes, and remarks that her method is evolutionary, not revolutionary. Evolution in itself involves change, and sheer Conservatism, by fixing our present state immutably, would as certainly mean the death of society as an arrest

of tissue-changes means the death of the individual body. Is it not said that the whole cell structure of a human being is destroyed and replaced in seven years? Stop that process and you kill your man. But the individuality of the man persists in spite of the change; and hence we derive one of the chief characteristics of Toryism—its acceptance of change with its devotion to continuity.

From the religious and political chaos which marks the end of *mediæval society and the mediæval church* one institution emerged in which this continuity could be observed—the Crown. Loyalty to the Crown, therefore, became the first characteristic of the Tory. And for this very reason Toryism is not in its origin or in its instincts a party of the aristocracy, or, to be more precise, a party of the nobility. On the contrary, it has looked, and generally not in vain, to the Crown as the protector of the people at large against the oppression of a noble caste. Heads flew off under the Tudors, it is true, but they were the heads of barons, not of burgesses.

Indissolubly linked with this loyalty to the Crown, and on the same ground—continuity—was loyalty to the Church of England. There is little doubt that the English left the unity of the Catholic Church with reluctance and clung to the old faith; there is equally little doubt that the

Papacy was unpopular, and the peculiar circumstances of the Reformation in this country caused in no long time a general and sincere belief in the Catholic and Apostolic continuity of the Church of England. Now if the King was head of the Church he was the protector thereof, and before long it was this above all his other functions that the people prized. When James I. said "No Bishop, no King," he would have expressed the opinion of most of his subjects better by saying "No King, no Bishop." So that by the time we arrive at the great Civil War the faith of the Cavalier had become "Church and King," not "King and Church." With the curious perversion of this faith in the doctrine of "divine right" we need not be too much troubled. However it may have been elaborated and exaggerated by some Tory statesmen and ecclesiastics, it probably never meant very much more to the average Tory than a belief that sovereignty is divine ("the divine right of Government," in Disraeli's phrase), that sovereignty, by the custom of England, resided in the King in his Council, and that departure from the strict principle of heredity would be apt to lead to an elective system, under which the King would only be a sort of Doge in the hands of a Parliament controlled by a powerful clique. Which is exactly what, for a time, the King became.

The Cavaliers, then, in the great Civil War, who are truly our political ancestors, were not, as Whig historians have tried to represent them, a body of aristocrats striving to obstruct the liberties of the people. They fought in the well-founded belief that the destruction of Church and Crown, so far from clearing the way for sound Parliamentary development, would lead to that "horrid arbitrariness" from which they emerged "like unto them that dream" in the year 1660, with universal popular joy in the resumption of continuity in their religious, social and political life.

They had a hard choice to make in 1688 and again in 1714, and on both occasions, not without reluctance, it is true, they chose wisely in accepting William III. and George I. The Church of England on both occasions was in danger. You could not, they believed, destroy the Church and preserve any religious continuity. But you could, after all, get rid of the legitimate King and preserve the continuity of the Crown. It was a case of following the letter or the spirit, and they followed the spirit, at the expense, of course, of shedding some valuable and chivalrous elements in the Jacobites and Non-Jurors—the "die-hards" of their age. It is superfluous to follow the later historical episodes through which these ideas of loyalty to the Church and the Crown

have persisted, and in which they have played their part. Suffice it to say that they are still enjoying a vigorous life, and anybody who supposes them to be defunct is making a mistake for which he will certainly pay the penalty. The Crown of Britain is the most popular and the most important political institution in the world, as a symbol of continuity, as a link with the Dominions, and it may be the most effective barrier against class-tyranny once again.

In the case of the Church of England, too, one can only remark that "the reports of its death have been very much exaggerated." It has recently been manifesting remarkable vitality for a corpse. How it contrives to maintain the paradoxical position of being at once Protestant and Catholic is and must remain a mystery to the Latin Catholic. He feels inclined to say to it, in the words of Somerset to "Zero," "The touching confusion of your mind disarms me." And no doubt the Protestant water and the Catholic oil periodically threaten to separate, and are doing so now. But just when something shakes them badly they come together again. So long, in fact, as English people still speak (quite inaccurately) of the Church of England and the Church of Rome, it is certain that Tory loyalty will cling lovingly to the former. It is national, as the Crown is national; it is the people's Church, for the

dissenting churches are much more truly "class institutions" than the Establishment; it is (in English eyes) the repository of tradition; in its voice alone rings some tone of authority.

In this last word, too, we discern another characteristic of Tory mentality. Repudiating, as it does, the tyranny of abstract ideas and *a priori* reasoning, but keenly responsive to human nature in general and English nature in particular, it realises that "private judgment" may be pushed to excess in practice and result in anarchy. It has not forgotten the extravagances which characterised the rule of "the Saints," and it leans to a confidence in the Qualified Man as the authoritative interpreter in his own sphere. Once England acknowledged an infallible Church, claiming to speak with a divine voice—*Roma locuta, causa finita*. Its abolition has left a void, but the old creeds were still repeated, the Apostolic foundations still acknowledged, the doctors still invoked, and while infallibility was no longer conceded, it was still felt that the bishops and priests of the Anglican Church were the proper trustees and expositors of the national faith. It is, indeed, easy to see why the Tory clings to nationality and suspects the cosmopolitan: for the two things the Tory has loved best and served most faithfully—the Crown of England and the Church of England—are entirely peculiar to his own country,

and no foreigner has ever begun to understand them.

On the great question of private property the Tory is equally reluctant to appeal to abstract rights. He declines to embark upon the question whether a man has a natural right to possessions of his own : he is content to assert that nobody has the right to deprive an Englishman of his property. He knows that neither the Pope nor King has ever succeeded in asserting such a right. Even when the country is in danger, and the King, to preserve the country, must commandeer my house or my stores it is settled law that he must pay a rent for my house and the price of my stores.

Once this principle, acknowledged by the Church and enforced by the Law from time immemorial, is abandoned, then, it is plain, there is nothing to prevent some tyrant, or group of tyrants, from pulling the boots off my feet in the name of some abstract principle which has superseded (for the moment) the Ten Commandments and the common law. Even Whigs (like Macaulay) could see that there is no distinction in principle between the right of a landowner to his land or a bondholder to his bonds and the right of an artisan to his coat and his hat. But it does not in the least follow that the Tory Party is the champion of the capitalists, or concerned to

defend the methods of big business and modern finance. On these, in fact, its antecedents incline it to look askance, for it must be admitted that it has shown a special tenderness for property in land. That is not because the great landowners of the past were Tories. On the contrary, the greatest landowners of all have very generally been Whigs and Liberals, but simply because ownership in land connoted certain services on the part of the owner. That property "has its duties as well as its rights" is a maxim, as Disraeli pointed out, founded on feudalism. Even bad landlords have to do some service in the countryside: even good capitalists need do nothing. And it is a fact that the disappearance of the lesser landed gentry, under stupid and crushing taxation, is even now producing deplorable effects upon English rural life. The wider distribution of ownership, and particularly of ownership in land, which tends to produce stability and continuity in society, will therefore make a powerful appeal to the Tory sympathies. From the seventeenth century, at least, the Tory has tended to be a "blue-water" man. With good historical reasons for dreading big standing armies, with equally good reasons for disliking to be mixed up in European imbroglio, he has looked ever to the Navy to keep out unpleasant visitors, and he has been justified over and over again in this policy.

And to-day, more than ever, he sees the Navy as the guardian of the Empire. The Empire is a national affair. English speech, English law, English religion, English constitutional methods, the English Crown—these things stir his pride and affection, as they stir the emotions of men in the Dominions. It is not pride in governing the Dominions : that is not what the scarlet on the atlas symbolises at all. Here the Tory finds loyalties, and probably loyalty is the word dearest to his heart. In spite of the cynics and the philosophers, the character of the loyal man, who sticks to his friends and his family and his country, will always command respect, even when his loyalty is misplaced.

For loyalty is still the same  
 Whether it win or lose the game ;  
 True as the dial to the sun  
 Although it be not shined upon.

Respect for continuity and authority ; loyalty to national institutions, especially the national Crown, the national Church, and the national ties within the Empire ; a belief in private property of every kind as the best basis of the State ; a preference for the practical as opposed to the theoretic ; the defence of popular interests against those of wealth or caste—here are the characteristics and ideals of Toryism. I make no pretence to

originality in these remarks ; they are intended to be no more than a summary of those ideas which recent writers have developed in a series of valuable treatises, and even these writers have built on the foundations laid by Bolingbroke, Burke and Disraeli.

## CHAPTER II

### THE SHIFTING SANDS OF SOCIALISM. I

IN the preceding chapter I called attention to the fact that the Liberal Party is losing some prominent members. Some have apparently recognised that the difference between the Liberal principles in which they were bred and the principles upon which modern Conservatism proceeds is not serious enough to prevent their adhering to the one party which stands solidly for the Empire and the Constitution. Others, such as Kenworthy and Wedgwood Benn, have joined the Socialists, with whom they have long had a temperamental affinity. Even the residue of Liberals are really divided, and probably only Free Trade and the "Nonconformist conscience" (or what is left of it) bind them loosely together. Socialism, I repeat, is our enemy, and, in my opinion, it is becoming more formidable every year. I reflect that when I was born there were three Labour Members in the House, MacDonald, Burt and Broadhurst, returned as Liberals. When I first took an active interest in politics (1906)

fifty-four "Labour Members" (including sixteen miners' Members) were returned. In 1923 no less than 191 took their seats, and these were then Socialists to a man.

Perhaps even more impressive than this increase in Parliamentary representation is the growth in the Socialist vote. Consider some figures :—

Votes Polled by Socialists.				
1910	.	.	.	370,802
1918	.	.	.	2,244,000
1922	.	.	.	4,236,000
1923	.	.	.	4,348,000
1924	.	.	.	5,551,000

The Conservative poll in 1924 was 7,385,927; but in 1922 was 5,383,896, less, it will be noted, than the Socialist vote in 1924, though it gave us a clear majority in the House.

I have no similar figures referring to municipal elections, but there can be little doubt that the growth of Socialism would be equally conspicuous, possibly more striking, in that sphere. The whole of the Trade Union machinery and the Co-operative movement have been captured by the Socialists; and the Civil Services, elementary schools, yes, even public schools and old universities, are largely permeated with Socialism to-day.

How long will it be, then, before all the parliamentary, municipal, departmental and industrial institutions of this country are completely con-

trolled by those who profess this doctrine? Obviously it can only be a very short time unless this advance receives a sudden check, of which, I own, I can see no signs whatever.

Looking backwards over a period of rather more than a century, it will be observed that the political force of the movement has always surged forward in times of such industrial depression as we are now suffering from, and after the suppression of an industrial upheaval such as that of 1926. The conditions prevailing to-day are, in fact, those which have always been favourable to the development of this heresy, and we have now arrived at a point where further development means victory for it and—power. Melancholy as these opinions may appear, I feel bound to state them, for the gravest danger of all is the failure of comfortable people to recognise that the danger exists, imminent, fraught with incalculable consequences. These people must grasp the fact that a few short years may witness the annihilation of everything that in their view makes life worth living—the disappearance of Britain as a great economic power in the world, and the disruption of the British Empire.

Why do I regard the menace as so terrible? Partly because of what Socialism is, perhaps even more because of what Socialists are.

It is notoriously difficult to obtain from any two

Socialists precisely the same definition of their creed. Even the same Socialist keeps different definitions for different audiences—that which he will give, for example, in a debate at the Oxford Union will not be at all like the one he employs for an open-air meeting of the comrades in a mining village. Yet there is something in the nature of a fundamental formula upon which most Socialists would agree in principle. As long ago as 1890 Lane, the Australian, expressed it thus :—

“ The effect of the nationalisation of the means of production and distribution, and of the conduct by the State authority of all production and all exchange, would simply be to enable us to produce for use instead of for profit.”

Mr. Snowden (*Socialism and Syndicalism*) wrote about fifteen years ago that the following statement would be “ accepted by all Socialists as a reasonable definition of their aims ” :—

“ The object is to replace the system of private capital . . . by a system of collective capital, *e.g.*, by a method of production which would introduce a unified (social or collective) organisation of national labour on the basis of collective or common ownership of the means of production by all members of society. This collective method of production would remove the present competitive system by placing under official administration such departments of production as can

be managed collectively, as well as the distribution among all of the common produce of all, *according to the amount and social utility of the productive labour of each.*”

This is very verbose, but hardly takes us much farther : it is, in fact, a quotation from a German, Dr. Schäffle, and it is interesting to note that the last sentence seems to imply that incomes will be unequal and graduated according to a scale of merits which it will be incredibly difficult to assess. In the latest statement of the Socialist case (*The Intelligent Woman's Guide to Socialism*) Mr. Bernard Shaw concedes that Socialism will not achieve its purpose unless it results in equality of income, and I, for one, believe he is much more closely in touch with reality on this point than anybody else in the movement. Philip Snowden's own clearest contribution runs as follows :—

“ Socialism is a system of industrial and social organisation, where the common needs of individuals will be supplied by the organised co-operative efforts of society, instead of the present competitive system, where such needs are, in the main, supplied by individuals competing to supply them from the motive of individual profit. The Socialist organisation involves the collective ownership of the productive and distributive capital employed in the socialised businesses. The method of management of socialised concerns

will be *by the ablest and best qualified men, under the democratic direction of the community.*"

Obvious questions arising upon this are :—

1. How will the ablest men be selected ?
2. Will their special abilities command commensurate emoluments ?
3. Will not the "democratic direction of the community" really mean that the plans of the specialist will be continually upset and frustrated by the interference of the ignorant ?

I venture to include one more definition culled from Mr. Sidney Webb :—

"Socialism is not a system, but a conception of society." [This sentence, by the way, seems in flat contradiction both with Snowden's definition and with what follows] : "Its two fundamental ideas are (1) the substitution, as the motive for the fulfilment of function, of public service for profit-making ; and (2) the allocation of the differential surpluses that we call rent and interest, not to private gain, but to the common good. The instruments for the gradual social transformation thus involved are : (1) collective ownership, (2) collective regulation, (3) collective taxation, (4) collective provision—the whole under the direction of democracy, industrial and political."

We notice here the word "gradual," now popularly associated with Sidney Webb in conse-

quence of his coining the exquisite phrase "inevitability of gradualness"—the greatest merit of which is that, like some other famous formulæ, it has equal virtue when read backwards. And it is essential to remember that the difference between Mr. Webb and Mr. Maxton is a difference of *tempo* and rendering alone. One is *Adagio maestoso*, the other *presto* and *con fuoco*, but they are both playing the same tune, as they both sit in the same orchestra. Is that tune a melody which will make men and women move sweetly and harmoniously through the mazes of social and industrial life, or is it a *danse macabre* to be performed over the grave of our national efficiency and success? It goes without saying that no detailed effective examination of this economic theory can possibly be attempted within the limits of a chapter. There is a prodigious mass of literature on the subject, and, of course, only specialists can hope to master it. But the ordinary Englishman must, I suggest, begin by grasping the following facts:—

1. The economic aspect of politics is 99 per cent. of politics to-day.
2. In the economic sphere this question utterly overshadows all others.
3. Within the next year or two the nation will be called upon to decide whether what has up to now been a theory shall be put in practice.

4. It is nothing short of criminal folly to approach such a decision without conscientious study and reflection.

I am appalled at the light-hearted confidence of the ordinary man in the stability and continuity of our existing social and economic structure. He is sitting in a familiar and solidly furnished dining-room, supping and chatting, and making plans, surrounded by comfortable friends and attended by respectful servants, and the cellar beneath him is literally stuffed with infernal machines all ticking away the seconds and minutes to the hour of the explosion. Meanwhile he passes the port and says, "Socialism's all rot."

All I can do is to indicate what I believe to be the essential points in the Socialist case, and offer some comments and conclusions which everybody must examine and verify for himself, and I apologise for traversing more or less familiar ground.

(a) The need for Socialism is based on the ground that Capitalism has failed to provide a decent standard of life for the mass of the people. This is demonstrably contrary to the facts. While Capitalism has not succeeded in wholly abolishing poverty or in providing regular, assured employment for everybody at all times, it has, in fact, provided during the last hundred and fifty years an enormously increased standard of comfort for

a population which has multiplied with astounding rapidity; it has given an average real income about four times as great as in 1830, diminished the severity of toil and the daily duration of toil, found colossal annual sums for the assistance of children, the aged, the sick and the unemployed, and utterly shattered and swept away the assumptions such as the fantastic "law of increasing misery" upon which the doctrines of Karl Marx were founded. Its achievements, it may be remarked, have been most striking in those countries where Socialists have had least influence.

(b) There is not a shred of evidence to prove, or even to suggest, that Socialism, as already defined, will make good its pretensions and abolish those evils which admittedly still exist under the system it proposes to supersede. Various small communities have from time to time experimented with Socialism in practice, and not one success has been recorded. The only attempt on a large scale has been witnessed in Russia. There you may see Socialism of the Marxian type in being, and it is, beyond all doubt, a failure. Poverty, unemployment, waste, disease, inefficiency and famine are rife; individual liberty and justice have simply ceased to exist; and wherever you discern a ray of light it is produced by a resumption of capitalist methods.

Search the world over for experiments in

“ collective ownership ” and “ collective management,” by the State or the municipality. Such experiments, it will be found, are limited to concerns which are in the nature of services and monopolies not exposed to keen, if to any, competition, not truly industrial or productive in character, and obviously most easy to conduct on socialised lines—posts, telegraphs, railways, shipping, mines, gas, electricity and so on. Socialists point triumphantly to some measure of success in this very favourable field; the numerous failures they naturally suppress. But it is absolutely safe to say that, on the whole, the evidence is unfavourable to their claims.

(c) Even if their first proposition, that Capitalism has failed, were true, which it is not, and even if their claim to have a superior alternative were supported by the evidence at our disposal, which it is not, it would still be plainly perilous to entrust them with power until they have come to some measure of agreement upon the practical methods by which their objects are to be attained. When it comes to practice, their minds, to use a forcible phrase of Kipling's, are simply a “ turbid chaos.” The milder variety proposes to buy out the dispossessed private interests; the more extreme school advocates immediate and ruthless confiscation; the “ trimmers ” idiotically suppose that “ a policy of taxation ” provides a *via*

*media* (as though slow poison were a more righteous method of destruction than the stiletto!), and apparently see no moral or practical distinction between taking a few shillings out of every pound a man receives from his labour or investments and taking the whole lot.

(d) But let us assume that by way of compensation, confiscation, or the *peine forte et dure* of crushing taxes, the banker, the shipowner, the cotton-spinner, the motor manufacturer, the boot-maker, the hatter and the cash chemist have been obliterated. And this we must perforce assume, for no other meaning can be attached to the definitions of Mr. Snowden and Mr. Webb and the many similar definitions. Is all the colossal and intricate machinery of modern business, productive and distributive, to be not only owned by the State, but conducted by State Departments—the millinery department, the gramophone department, the leather goods department, and so forth?

Here your Socialist generally becomes impatient, and denies that he means any such thing. Very well, then, he must revise and limit the definitions which have so long formed his "Credo." Is it only the "collective ownership" and "democratic direction" of a few *selected* services—mines, perhaps, and railways—at which he aims? There is no resting-place for him there, and he knows it.

And he also knows that State Socialism, under which all power would be in the hands of the bureaucrats administering the various industries, would be nothing short of slavery, involving, as the Bolsheviks admitted, industrial conscription and the enforcement upon the individual of those tasks for which in each case the department thinks him suitable. Sir Leo Chiozza Money, in his book *The Great State*, endeavours to avoid the unpalatable consequences by the following ingenious device :—

“ The Great State will regard it as a thing impossible to condemn a man to be a coal miner for life. It goes without saying that the Great State, if it uses coal, will conserve it, so that coal mining will be reduced to a minimum. That minimum will be performed not by a definite few for life, but by all able-bodied men for a year or two. Mining is much more dangerous than soldiering, and calls for the application of the principle of conscription. The mining conscript will go to his term of service as a matter of duty and with pride.”

After which he will presumably have to do a year or so as a sailor, a dentist, a violinist, an engine-driver and a scavenger—for why stop at mining? A very high pitch of efficiency will obviously be reached by this method! Plainly the worker will be just as much a “ wage-slave ” under this system

as under Capitalism, and plainly the consumer will have to take the hats, pictures, pianos, motor-cars, fountain pens and false teeth which the Departments produce; and why should they exert themselves to study and forestall his tastes and run the risks involved in doing so?

(e) But, in fact, real State Socialism, or Collectivism, as it is sometimes called, is already rejected by most modern exponents in this country.

The Syndicalists, a product of France, reacting violently from the tyranny inherent in State Socialism; have proposed that the workers engaged in each industry shall dispossess the existing capitalists, appropriate the factory or shop, and then, as sole owners and controllers, run the business, presumably appointing managers responsible to themselves alone for the practical conduct of affairs. They would fix their own hours, and wages, and prices, and output, and would, of course, exploit in their own interests the other syndicalised industries, between whom the consumers would be ground to powder. Since producers and consumers, in the mass, are, after all, the same people, Syndicalism would be a form of suicide, unless some central authority were to regulate the social and economic relations of the different syndicates, in which case we are brought back, in effect, to Collectivism. Hardly any Socialist of repute in Britain has been found to

put forward a reasoned plea for Syndicalism in this, its simple and original form, because, I suppose, it is so patently unreasonable. Since no "syndicalised" industry would have a chance in competition with private undertakings, the latter would clearly have to be prohibited, or the system would have to be applied to the whole field of industry. The originators of this sublime tomfoolery, probably seeing no chance of converting anybody but the inmates of asylums, have always proposed to enforce their will by the instrument of the General Strike. That fact alone should be a sufficient proof of their essential insanity : it is to commit suicide in order to have an opportunity for committing suicide again.

(f) The latest effort to escape from the "gradual inevitability" of State Socialism is a cross between that and Syndicalism, known as Guild Socialism, of which our leading British expositor is Mr. G. D. H. Cole. No capitalist has harsher things to say of State Socialism than he has. For example (*Self-Government in Industry*) :—

"The Collectivist State would only make his (the worker's) position better by securing him a better wage, even if we assume that Collectivism can ever acquire the driving power to put its ideas into practice ; in other respects it would leave the worker essentially as he is now—a *wage-slave* subject to the will of a master imposed

on him from without. . . . The postal workers are no more free while the Post Office is managed by a State Department than trade unionists would be free if their executive committees were appointed by H.M. Minister of Labour."

But perhaps his description of it in the phrase a "dull dog" is as scathing an epigram as any yet coined. What he fails to see is the appalling dullness of his own animal. He borrows from Collectivism the principle of State ownership; he borrows from Syndicalism the principle of industrial control and management by those engaged in the industry, and he evolves, in order to preserve a balance between producers, consumers and the State, a marvellous machine of committees, congresses, delegate meetings and councils which would, I am convinced, make the progress of business about as expeditious as the motions of an intoxicated centipede trying to work out the steps of a tango by an algebraical formula.

(g) Finally let us consider a few paragraphs from Bernard Shaw's *Intelligent Woman's Guide* :—

"We are agreed, I take it, that practical Socialism must proceed by the Government nationalising our industries one at a time by a series of properly compensated expropriations, after an elaborate preparation for their administration by a body of civil servants who will consist largely of the old employees, but who will be controlled

and financed by Government departments manned by public servants very superior in average ability, training, and social dignity to the commercial profiteers and financial gamblers who now have all our livelihoods at their mercy."

Now it is true that you can remove a great number of a man's organs "one at a time" by a series of surgical "expropriations." If you were to take them all out at once the shock would kill, but not so if your operations are spread over a period of years. If, however, you begin by removing his heart, your subsequent arrangements become nugatory. It does not matter whether you afterwards propose to proceed with Webbo-Shavian "gradualness" or with Maxtonian velocity. The subject is defunct.

Now credit is the heart of industry and commerce, and the latest fashion for nationalising is to select the banking business, on which credit so largely depends. "These," says Comrade Mosley, in another metaphor, are "the key-fortress of Capitalism: get possession of these and we have them at our mercy." Quite so: begin by removing the patient's heart.

The great question, then, "How do you mean to run your industries when you have dispossessed their present proprietors?" is answered by a chorus of hideously discordant voices, giving irreconcilable replies, and abusing one another.

One plain fact is on record of great significance as an indication of what would really happen. In May 1924 a Socialist Member introduced in the House of Commons a Bill, drafted, I believe, by Sir Henry Slessor, for which every member of that party, including the Prime Minister, Mr. Ramsay MacDonald, voted. And no wonder, with fifty Members from mining constituencies in the party! Its principal provisions may be thus briefly summarised :—

(i) The entire conduct of the coal trade, winning, wholesale and retail selling, importing and exporting, to be in the hands of a Mining Council, presided over by the Minister of Mines, and consisting of twenty paid members, ten appointed by His Majesty, *i.e.* by the Minister (at that time a Socialist himself), the other ten by the Miners' Federation.

(ii) Right to strike, without risk of "victimisation," carefully preserved.

(iii) Coal to be appropriated without compensation to royalty owners.

(iv) Mines to be bought—price to be *one year's output* (on average of five years before the War) at 10s. per ton—a derisory sum.

(v) Nobody but the Mining Council to sell, import or export coal.

(vi) Mining Council (remember its constitution) to fix the miners' wages and selling price of all coal.

(vii) A Consumers' Council to be organised, with the right to *advise* the Mining Council.

(viii) All expenditure under the Act (including wages as fixed above) to be "payable out of moneys provided by Parliament."

The taxpayers, of course, would be the owners; the taxpayers would pay the expenses; the taxpayers would receive the profits.

Now consider the state of the mining industry: consider the fact that under this Bill it would be in the entire control of the Miners' Federation; remember that the Miners' Federation was then (if not now) dominated by Mr. Cook—and then imagine what profits would be likely to accrue. And reflect that here we have a sample—a tangible, concrete proposal, embodied in a Bill and supported by the entire Socialist Party (then in office) in 1924; not an academic essay or platform exposition. I have, to sum up, pointed out that the foundation of the Socialist case—the failure of Capitalism—is rotten; that Socialists cannot base their claims for collective ownership on any volume of successful experience; that they are in utter disagreement about the practical

methods of socialising or conducting socialised industry; that the only actual Parliamentary sample is neither Collectivism, Syndicalism nor Guild Socialism, but an inchoate, opportunist makeshift, meaning, in reality, a surrender to the political influence of a trade union—the Miners' Federation—from which we may well predict the actual drift of Socialist legislation when the requisite majority in Parliament is secured.

But more extraordinary than all this is their failure to agree about the ultimate aim—the removal of inequality in the distribution of wealth, and the consequent abolition of poverty, with all that that entails. Poverty and wealth, of course, are relative, not absolute, terms: if Smith has more than I have, I am poor compared with him, and he is rich compared with me. All the vitality of the movement springs from the appeal against the injustice with which wealth is distributed. Then what of its redistribution? Is it credible that they cannot make up their minds about that? Equality of income or inequality? Not even on this do they agree. The dilemma is, of course, fatal. "Equality!" cries Bernard Shaw. Well, so be it: the man who writes *Man and Superman* and *St. Joan* is to receive equal emoluments with the man who writes captions for a third-rate film; the surgeon with skill, nerve, patience and an inspired faculty for

diagnosis is to get as much as the masseur who attends his patients and the man who ushers them into his consulting-room—not a penny more; the Lord Chief Justice and the usher of the court will draw precisely the same salary. Granted that it is folly to pay a dancing-girl or a buffoon as much as the Lord Chief Justice, which nowadays, in our foolishness, we often voluntarily do, what's the use of making such foolishness regular, universal and compulsory? How do we better ourselves? But if inequality is at the end of it all? Why, the old cry goes up, "I work harder than he does and get a penny where he gets a pound! What good has Socialism done *me*?" I agree, as I have said, with Bernard Shaw, that social and financial equality, rigidly enforced, must be the ultimate aim of Socialism, and I cannot believe that the nature of man will ever become so altruistic as to accept it voluntarily, or so degraded as to suffer it by compulsion. I have not, I know, dealt with its proposals for the maintenance of our export trade in competition with countries still blind to the blessings of socialism, and the efficient marketing of our products, because there *are* no proposals, and Socialists have never considered the difficulties seriously.

False foundations, unjustified claims, disputed and contradictory formulæ, an end not clearly discerned, but either such as to repel humanity or

disappoint it—these are the main characteristics of modern Socialism. And at this moment, when it probably commands more support amongst the voters than ever, its hierarchs, I verily believe, are losing faith in it. The reason is this, the hierarchs are beginning to appreciate its economic difficulties. Well may Snowden write, in the *Daily Herald*, October 10, 1928 :

“The Socialist movement has now reached a stage where phrases and formulæ need to be more clearly and precisely defined. . . . The old formula, ‘The nationalisation of the means of production, distribution and exchange’ was all right when Socialism was not an immediate practical issue, but it won’t do to-day.”

The voter merely thinks, and is merely told, that he is poor because others are rich; that Socialism will put the “boss” under his feet; that slums, poverty, unemployment will disappear as though by magic. Never once have I heard anything but these crude appeals from a Socialist platform; never once have I heard the Socialist orator approach the economic details of his case. Serious economics, in fact, are the last thing he speaks of. And this brings me to my second ground for imploring people to realise the danger—I fear it because of what Socialists are. That aspect I must treat in another chapter.

## CHAPTER III

### THE SHIFTING SANDS OF SOCIALISM. II

IN the preceding chapter I observed that I dreaded the Socialist Movement partly because of what Socialism is, even more because of what Socialists are. The Socialist Party is a party of rebellion. Their pedigree is an interesting one. Just as the Tory derives, if you follow his political lineage back, from the Cavalier, so does the Socialist derive from the Roundhead. However historians may argue about the legal aspects of the struggle between Charles and Cromwell, it was a sound instinct that gave to it the popular name of "The Great Rebellion." That is what it used to be called, and that is what it was. I am not saying that rebellion is never justifiable, but the tendency of rebel parties is this, that they begin by protesting against abuses and oppression, and at that stage they enlist men of generous impulses to whom "freedom" is the most sacred of words. Such men as a general rule would prefer to secure their aims by reason and persuasion: they are seldom men who love a row for its own

sake, and belong to the "force is no remedy" school of thought. Since, however, that against which they strive is not amenable to reason, they are compelled to take the sword—and their hands begin to shake as soon as they have drawn it, for they are not fighting men by nature. To them soon adhere those who are impelled less by love of freedom than by hatred of authority, and those to whom freedom means licence, and those desperate folks who think any change in their lot must be for the better. "Infirm of purpose," they cry to the Eliots and Pymys, the Lafayettes, the Kerenskys, and the Ramsay MacDonalds, "give *us* the daggers." Then those who began the rebellion stand aghast (if they keep their own heads on their shoulders) while it runs its usual course, through massacres and atrocities, to an oppression worse than ever, and the rebel party, purged of its moderate creators, emerges, ever a little more tinged with red-spatterings, it may be, from the guillotine or the firing-parties. From parliamentary Puritan to revolutionary Whig, from revolutionary Whig to Liberal, from Liberal to Radical, from Radical to Labour, and from Labour to Socialist, here is the series of the generations—and as each generation develops it sloughs off the moderates, as I have said, until now we see the Communists, for such are the Wheatleys, Maxtons and Buchanans (whatever

they may style themselves for the nonce), making an effort to depose the Socialists—the MacDonalDs and Hendersons and Webbs. Will they succeed? For my part I incline to believe they will, and I base this opinion on my experience of the Socialist as you hear him when you attend his meetings, and more particularly when he attends yours. Are those frantic cheers for Webb, with his “inevitability of gradualness,” or are they for Maxton and “Socialism in our time”? Ask anybody who has “stumped” the country a little, and you will find he agrees with me. As I pointed out in the preceding chapter, pure economies are not preached to the mob, and would make little appeal if they were. But the verbose phrases in Socialist books and pamphlets —“Public ownership of the means of production, distribution and exchange”; “to take complete control of the administration of the wealth of the country and from that common pool of wealth, taken from private enterprise, to fix not only a minimum wage but a maximum wage” (Wheatley), and the like—by these phrases the mob understands “*loot*.” And if those who have secured power by promising loot fail to implement their promises, there will be the devil to pay, and they know it. Now, when every man and woman, however ignorant or foolish or penniless, pauper as well as worker, has “the ballot in his hand,”

a vote in addition to a voice, promises of politicians are not so easily repudiated as in the days gone by, and therefore the Socialists, if they achieve power as well as office, will be forced to redeem their I.O.U.s. Whatever the ideas of the so-called leaders may be, they will have to give practical expression to the ideas of the Socialist rank and file. What sort of ideas are these? What sort of people *are* Socialists in general?

I have given an outline of the ancestry of British Socialism, but, as in the case of most British families, the ancestors have married foreigners from time to time, and the blood of Karl Marx (a strong fluid) pulses in the veins of these descendants. Nothing worth mentioning is left of Marx as an economist or as a prophet. It seems his speciality was being wrong. But he preached the "*class war*," and that is still the gospel of the great mass of Socialists. "Raid the rich man's orchards because he is the enemy of your class and has stolen your land." One can ennoble many base things—*theft, falsehood, assassination*—by the use of military metaphors! In Russia the raid is over and the apples have turned to Dead Sea fruit. But our Communists in Britain are either too stupid to see it or too bigoted to believe what they see. They are the "*shock troops*" of Socialism here to-day, but in spite of

their curious Muscovite jargon their psychology is so crudely simple that I need not analyse it in this chapter. Suffice it to say that some distracted brains try to reconcile Communism with Christianity. Such pathetic confusion of mind is peculiar to the British, and is an amusing trait which alone distinguishes the muddle-headed, indigenous species from its more lucid and logical congeners on the Continent, who recognise and emphasise the repugnance between the two creeds, and definitely declare religion to be the "opium of the people." Let us examine some more interesting phases of Socialist psychology as it operates altogether outside the economic sphere—for even loot, I suppose, may be classed as a simple form of economics. In this connection one must always remember that Socialism is the child of Radicalism, and the grandchild of Liberalism, and shows hereditary characteristics. That is why I began with its genealogy. Now, Mr. Carhill in his brilliant little book *The Legacy of Liberalism*, has pointed out that the Liberals "claimed exclusive rights to the exploitation of pity as a political asset," and that pity, if undisciplined, is "apt to slop over into an effeminate shrinking from the infliction of pain, merely because the sight of suffering is painful to the spectator."

This morbid pity is peculiarly dangerous in a

Power which has to govern a great number of races, African, Oriental, under-civilised, over-civilised, primitive, subtle, weak, ferocious, placid, excitable, but having this in common, that they can only be well ruled when the ruler is just and firm and merciful, but can never be well ruled by the sentimentalist, whose sense of pity is morbid and indiscriminating. Sentimentalists are not *merciful* in any practical or reasonable way: they merely react violently to the obvious and immediate instance of suffering, and seem incapable of imagining the consequences. And so they nearly always defeat their own object. It is simply the old tale of sparing the rod and spoiling the child, which would not matter so much if the baneful results were confined to the child. But if your children are the "People of the River," or Iraquis, or Bombay mill-hands, who become "politically minded" and have "national aspirations" and cry for another large helping of constitutional plum-pudding, the bilious attack which will result from giving it to them will make the nursery a very unpleasant place for the other children, for whom also you are responsible. Recent news from Bombay tells of a serious *fracas* between Hindus and Pathans, the former accusing the latter of kidnapping Hindu boys for purposes of human sacrifice! There has been a pretty serious casualty list in

this affair,<sup>1</sup> and if you add up the injuries and deaths from equally idiotic riots, religious, political and industrial, in India during the past few years, the total is really appalling—and probably the sufferers were the least culpable of the crowd, for that is usually the case. These are the fruits of pitying the child and encouraging it to misbehave by yielding to all its demands. But one knows what the Socialist attitude will invariably be. When the row gets too awful, and the police or the troops have to draw truncheons or even fire on the mob, there is a howl of indignation from the Socialist benches and headlines in the Socialist Press upon the latest “horror,” “atrocities” or “massacre.” It is the brutality of the police and the cruelty of an Imperialist-Capitalist Government that is responsible for it all.

In exactly the same way this diseased emotion was exploited on behalf of the miners in 1926. The ringleaders of the strike (the same group who affect sympathy with the oppressed Hindu and African) knew perfectly well what they were doing, and had quite other ends in view than the relief of the miners, but they could safely rely on this characteristic of their dupes. And the result was quite definitely to make the position of the miners worse, besides dissipating the funds of the Trade Unions, inflicting discomfort and suffering

<sup>1</sup> About 150 killed.

on the community, retarding the progress of industry, and hanging enormous financial burdens round the wretched taxpayer's neck.

"The International Class-War Prisoners' Aid," the "Organised Unemployed," with its cruel expeditions of poor men from Wales or the North to London, "The League against Imperialism," and quite a number of kindred Leagues, and Guilds, and Congresses, are impudent frauds engineered by people whose aim is the destruction of order; but they suffice to deceive the poor, emotional creatures with the fanatical eyes, the enlarged thyroids, the narrow chests and the hydrocephalous foreheads who may be seen wherever the Socialist *intelligentsia* congregates, from the London School of Economics to the latest queer theatre for the production of the dreary drama. They all fancy their symptoms mean softening of the heart, when in fact they mean softening of the brain, and the confusion of these two things has destroyed States before now.

Closely connected with this phenomenon is the invariable tendency of your Socialist to assume that the British magistrate, the British official, the British settler all over the world is either a slave-driver, or a sadist, or a combination of the two. It is, indeed, well and wholesome that Parliament should be on the alert to mark any case of injustice or cruelty throughout the Empire.

Thank Heaven such cases are few. But what can be said of the men who believe any tale against a fellow-countryman, who advertise that they alone are willing to redress grievances, who accept without question any story to the discredit of our race, and gloat openly over the rare occasions when they can prove one?

If any reader does not believe that the Socialist Party does this I can only say that he does not follow the Parliamentary debates or peruse Socialist publications. Let him take his Hansard for the last twenty years, open the volumes at random, look at the questions, read the debates when they touch on India, Africa or Egypt, and judge for himself. For the assassinated officers, the policemen roasted alive, the harmless civilians shot down, the white women insulted, no sympathy is to be found. But for the Anarchist, the Terrorist, the half-witted instigator of the crimes—what indignation at his imprisonment, what laudation of his patriotism, what solicitude for his health and comfort!

This is all a design to procure cheers and votes when the Socialist orator proclaims "I am the champion of the 'underdog.'"

Of all silly phrases this is the most inane. Truly the "underdog" may be a harmless animal assaulted by his physical superior, or he may be, on the other hand, a rabid, ill-conditioned mongrel

who has just bitten a virtuous and peaceable dog in the hind leg and thoroughly deserves his position.

Here, at any rate, is the first queer paradox of the Socialist mind—the combination of exaggerated pity towards one case with utter indifference towards another.

One can only pray (though it may be too late even for that) that 250 million human beings in British India, and I know not how many in Africa and elsewhere, may never experience the ultimate disasters which this ignorant, misguided humanitarianism is bound to produce if those who practise it obtain control of the Empire.

But the Socialist character teems with inconsistencies. Take, for example, his attitude to military service during the War—an amazing example. For his position is that the individual must sink himself, if needs be, in the State, must subordinate personal desires for advancement, profit and security to the interest thereof. But who at any given moment is to decide what the interest of the State may be? Presumably, in a democratic country, the majority of the electors through their representatives.

Now if one fact in political history is certain it is that in 1916 the majority in Great Britain were in favour of prosecuting the War to a successful conclusion, and entirely agreed that conscription

was the only fair and effectual means of doing so. Yet there were numerous Socialists who refused, who went to prison for refusing, and who plumed themselves upon their courage in taking that stand. I own they were justified in boasting of their courage. But what of their consistency? They were called "conscientious objectors," and that meant they objected to war. But their objection was to something more—it was an objection to obeying the majority, it was an objection to sacrificing themselves to the State. "*C'est magnifique, mais ce n'est pas—le Socialisme.*" What the logical Socialist would have done would have been to proclaim aloud, "Behold me! I think war wicked; I dislike it; but I am only an individual. What is the voice of the community? For now, if ever, is an occasion for hearkening to it."

But "No," said he. "I listen to the voice of my conscience alone." And thereby proclaimed himself a rank individualist. But that is always his behaviour in practice. The next election will be conducted on a basis of adult suffrage. Everybody, male and female, over the age of twenty-one will be entitled to vote, and one would suppose that Democracy could go no farther. If Socialism triumphs and ordains that I shall be despoiled of my property (such as it is) and forbidden to pass an inheritance to my children, I

may argue, but I cannot consistently disobey. I have myself decreed it; I have trusted Democracy and I cannot complain. If I do complain, I shall not be suffered to escape as "a conscientious objector." But the Socialist will certainly complain if he gets worsted, and he will continue to preach forcible resistance (direct action) when it suits him, as he did in the War, after the War, and especially in 1926; and he will assume, as he always does, that the "State" is only to command him when it agrees with him. "*Vox populi vox Dei*" has been his cry since the beginning, but he adds (*sotto voce*), "*when it is also MY voice, and not otherwise.*" Here, again, Communists have the courage of their convictions, frankly acknowledging that while the *bourgeoisie* and the *bourgeois* tradition persist, democracy is of no use to them at all. When the "Proletariat" has stamped out everybody else, people may (perhaps) be trusted to read the truth and vote according to their views. Perhaps. But until that time, "*L'État—c'est nous.*"

But the normal man cannot expect to understand the mental processes of the Socialist: he is an "oddity." Except as a demagogue he is nearly always a failure. He sees that the world does not assess him at his own valuation, and something in his own soul whispers to him that the world is right. This makes him irritable and

“cocky,” and so he goes about (especially if he belongs to the *intelligentsia*) proclaiming that the standards of the world are all wrong. The world has no taste in books, or plays, or food, or music, or morals—not even in clothes or hairdressing. An easy rule for him, then, in all these matters is to be different from the world, because if he is different shallow people will think him superior. If the average man votes the latest Russian drama a bore, and prefers a story of ordinary human fun and ordinary human trouble to a *mélange* of incest, disease, despair and suicide, then the Russian drama must be a masterpiece. If the ordinary man likes some rhyme and reason in his poetry, the Socialist intellectual must affect those poets whose works reproduce the soliloquies of the padded cell. He even takes more pains to be shaggy and shabby than the average man takes to pass muster. If the *bourgeoisie* are shaving he will take to whiskers (a trick as old as Greece, where the saying was *ἐκ πωγῶνος σοφός*), and no doubt in the very unlikely event of the *bourgeoisie* taking a fancy to Strindberg and Tchekhov he would swear there was a subtle fascination in revue only to be appreciated by his own more delicate and sophisticated sense of humour. Most of it, no doubt, is the pose of the man with the “inferiority complex,” and for those who can’t play Mozart, draw correctly or write good English

the obvious course is to rave about Stravinsky, take to Cubism, and affect to appreciate Russian or Scandinavian. But the oddity is not all assumed : it is the symptom in many cases of a real perversity, a real delight in listening to the preacher who says, for instance, that marriage is a failure—a mere legalising of lust and tyranny ; that conventional morality is a sham ; that all success is due to chicanery or brutality ; that soldiers are block-heads, lawyers rogues, and business men thieves. For here is another strange paradox : that Socialism postulates for its success almost heroic virtues, and those of us who doubt whether human nature can be expected in any measurable time to attain thereto are denounced as cynics : yet of human nature as it actually is nobody seems to have so low an opinion as the Socialist. He takes a spiteful joy in hearing it decried. Throughout his character these singular contradictions are apparent. Who, for instance, so sanctimonious on the subject of peace ? Yet what causes breaches of the peace ? Lack of self-control. And if you want to see men utterly lacking in self-control you may watch the Socialist Party in the House, or at one of their congresses. I have heard Ministers mocked, interrupted and insulted in an incredibly offensive way by the Socialist Party ; a few minutes later some very mild observation from a Conservative Member

will bring a dozen of them to their feet howling and gesticulating with indignation. They are sticklers for the rules of debate and the courtesies of the House, as applicable to others, but they do not regard themselves as bound by any such trammels. It is like the behaviour of a very disagreeable child who pulls his sister's hair and goes yelling to his mother if she slaps him in self-defence. It is the very antithesis of the spirit that submits to arbitration and obediently accepts an award.

What, after all, is a strike, especially a general strike, but a resort to force, the substitution of war for arbitration? Yet those who never cease denouncing international war as stupid and wasteful are bellicose and truculent beyond belief in the matter of industrial war! Mr. Cook is credited with telling the Communist "League Against Imperialism" that civil war was the only method of stopping international war. If he said so (and it sounds like him) he was only doing what most Communists do, carrying Socialist arguments to their logical conclusion—which, in the case of Socialist arguments, means the same thing as a *reductio ad absurdum*. The Socialist is very bitter because "his class" does not enjoy the educational advantages of the wealthy. Education, he insists, is the agency which will elevate and refine character; give the worker education

and leisure and the product will be indeed admirable. Next minute he is bellowing his contempt for the educated man who has had leisure, and comparing his character most unfavourably with that of the honest, ignorant worker who has been deprived of these advantages. Winchester and Oxford and plenty of games have made us what we are—an idle, selfish pack—so why, I wonder, should he sigh for Oxford and Winchester? Only on the assumption, I suppose, that the “workers” are of a superior clay and would make better use of these advantages. For that proposition there is, to say the least of it, no evidence.

“More money, more leisure, more education,” is ever his cry, and it never crosses his mind that the well-off man may reasonably retort, “And yet these things have made of me the beast you say I am!”

Perhaps he would retort, “Ah, but that’s because you have too much—I mean moderate means, enough leisure, a sensible, not a ‘classical education.’” And it never crosses his mind that the *bourgeois* may reasonably retort, “And these things have made of me the dolt you say I am.”

Take a final example of his curious inconsistency. Patriotism, in its usual meaning, he dislikes: at any rate he sneers at national pride, at national emblems, at national ambitions. He is an inter-

national, a citizen of the world. Yet when I divide by races he divides by classes, he is a "class" patriot—and surely the latter division is even less logical, even more haphazard. Why is it wrong to take pride in being born a Briton, and right to take pride in being born a "worker"? There is at least some ground for saying that a Briton has some good racial qualities peculiar to himself; there is no ground for saying that a "worker" has good qualities which distinguish him from other human beings. In addition to which, if I am born a Briton I die one, while the worker of to-day may be the "boss" to-morrow.

Herding with the Communist, the Atheist, the Revolutionary, and the Weird Intellectuals, drawn, *one supposes, by some natural affinity of crank to crank* (for one cannot see any other reasonable bond), is a considerable number of pious puritans. The old Labour leader was a pious, oleagiously pious, person, and first fluted his "wood-notes wild" in temperance circles and tabernacles. He there perfected the art of denouncing things he did not like himself; and so an obsolescent tradition remains that the "Labour Party" is inspired with a lofty and austere morality. The Communists will soon get rid of that, I expect; but meanwhile there remains a fair body of people who connect good breeding and money with chambering and wantonness, and poverty with

self-denial and asceticism. With the disappearance of the Liberal Party these may be expected (for a time) to support what they still, in spite of the facts, think of as "Labour."

I have attempted some sketches—from the life—of what Socialists are. And I assert that even if the economic theory were right, the people who profess it are so wrong that they could not work it. They cannot work anything, not even a Socialist Congress. Those who cannot control themselves can control nothing ; those who cannot understand what Authority means can never rule ; those who are inconsistent and capricious can never make laws ; and those who hate their fellow men can never do equity.

## CHAPTER IV

### FALSE FIRES OF LIBERALISM

"Or, shipwrecked, kindles on the coast  
False fires, that others may be lost."

LIBERALISM, like Marxian Socialism, Russian Influenza, Jazz, and some other plagues, was really imported into this country from abroad. It came from France and the French Revolution. But, of course, it would not have done any serious harm if there had not been in this country a large number of people with a predisposition to the disease. Tories were naturally immune, but among the Whigs was a considerable body of what in modern jargon we call "left-wingers." Whiggery always bred these creatures, with those queer characteristics which I have tried to sketch in "What Socialists Are." Liberalism then made a powerful appeal, as I have already pointed out, to that "doctrinaire" type of mind which loves formulæ and "theses" and pompous generalisations. Nobody excelled the French revolutionaries in the manufacture of these goods. Indeed, to read some of their speeches and manifestoes is

exactly like perusing the *Pravda* or the *Worker's Weekly*. Then again, though French Liberalism was anti-Christian, yet the English Nonconformists of the period could use it against priests and prelates, and pretend that it stood for religious freedom. Whenever any unusually disgusting attack has been made by some "progressive and advanced" thinker, in Paris, or in Moscow, against property and the Church, certain people have always been ingenious enough to represent it as a new edition of the Sermon on the Mount.

Moreover, the smaller landed gentry of England were Tories almost to a man, and as the maxims of French Atheists could be employed (so camouflaged) against the parson, the maxims of French Communists could be similarly adapted to attack the squire.

For Liberalism has always pretended that its animating principle is love, but its methods are always the appeal to hatred.

Now at the beginning of the nineteenth century the old agricultural England of parson and squire was rapidly changing into the new England of manufacturers and merchants. The altars of Mammon were prepared, and his priests, the men of the Manchester school, saw no reason why Tories and Churchmen should baulk them of their victims. Poor old Sir Leicester Dedlock and all he stood for must be swept away to make

room for the Rouncewells—and in time the Gradgrinds. “*Reform*”—there was the word, and who could be found to defend the old franchises, the old boroughs, and the old prestige of “Landed Property”? The year 1832 saw political power pass into the hands of the middle classes, who lived in Manchester and Sheffield, who knew not Chesney Wold, and who made their money not by receiving rents or by farming, but by sweating and torturing women and children in factories and mines, where the conditions were a disgrace to civilisation. The political reformers cared little for social or economic reform, not nearly as much as Tories had cared under the leadership of Huskisson, Canning, Robinson and Peel. So that before long every word was justified in that terrific indictment drawn by Disraeli in *Sybil*, in the year 1847 :—

“ If a spirit of rapacious covetousness, desecrating all the humanities of life, has been the besetting sin of England for the last century and a half, since the passing of the Reform Act the altar of Mammon has blazed with triple worship. To acquire, to accumulate, to plunder each other by virtue of philosophic phrases, to propose a Utopia to consist only of Wealth and Toil, this has been the breathless business of enfranchised England for the last twelve years, until we are startled from our voracious strife by the wail of intolerable serfage.”

Michael Sadler, Lord Ashley, Disraeli, and his friends of the "Young England" movement attacked this beastly idolatry and succeeded in mitigating this serfage. Cobden and Villiers and Bright were among those who defended it, for was not "freedom of contract" a sacred thing, and was it not of the essence of Free Trade to buy in the cheapest and sell in the dearest market—even if your commodities were the bodies and souls of men?

Liberals hate to be reminded of their ancestry, but in such circumstances was Liberalism begotten, and such were the fathers thereof.

And indeed throughout the whole of the nineteenth century "the condition of the people" was a question much nearer the heart of the Tories than that of their opponents. It is incredible effrontery on the part of Liberals to claim credit, as they continually do, for all social progress during this period. The Statute Books are there to refute them, and he who runs may read.

Out of fifty-five Factory Acts, for instance, passed up to 1909, no fewer than thirty-two were Conservative measures, and even of those passed by Whig-Liberal Governments some were inspired and forced through by Conservatives. The great Act of 1901 was described by C. W. Bowerman, M.P., as "the most comprehensive work of the kind yet placed on the Statute Book." Practically

*all* the Housing and Health Acts are ours—including the great Public Health Act of 1875, the Artisans' Dwellings Act 1875, the great Housing of the Working Classes Act of 1890.

The Education Act of 1870 was, it is true, a Liberal measure, but received enthusiastic support from Disraeli and his friends; and the measures of 1876, 1891 and 1902 were all the work of Conservatives.

The working classes in the boroughs received the vote in 1867, from Disraeli, and when they returned him to power in 1874 he saw that Trade Unionism should have fair play by passing the two great Acts of 1875 and 1876 which for the next generation were the Charters of organised Labour.

I care not what sphere of practical work for improving the "condition of the people" you examine, the Tory record not only equals, but surpasses that of the party which in face of the facts impudently and fraudulently claims to be the people's only friend.

As time passed, however, and the working classes, through the Acts of 1867 and 1884, ousted the middle classes from their monopoly of power, the ancient doctrines of *laissez faire* had perforce to be abandoned. Only Free Trade now remains, that obsolete system which Cobden fondly imagined the world would enthusiastically em-

brace when her beauties were revealed to it. Strangely enough, the rest of the world gazed upon her with indifference, not to say disgust, and espoused tariffs of various sorts, with whom they have lived and prospered, while English industry has grown feebler and ever more dispirited under the rule of the harsh old shrew who has proved, indeed, "*noverca suorum*."

The name "Free Trade" is, of course, an absurd misnomer: in fact we have, as Disraeli pointed out, to fight hostile tariffs with a system of free imports, like a galley-slave with manacled hands standing up to a prize-fighter. In all other matters, however, the "left wingers" of Liberalism have proceeded so far in the opposite direction from *laissez faire* that modern Liberalism is hardly distinguishable from Socialism, except in its lack of courage and conviction. Socialism, when all is said against it, does propose an alternative system, however half-witted, to erect in place of that which it seeks to destroy. Liberalism in the twentieth century has had only two ideas—to bribe its friends and punish its enemies, always in the sacred name of "social reform." Take its record between 1906 and the War, when it was last in power. Nobody who took part in the election of 1906 is likely to forget the indecent appeals to prejudice and ignorance which resulted in the great Liberal victory. An outcry against "denom-

inational education " was used to inflame all the old Puritan jealousy of the Church of England, and to secure the support, in addition, of all those who hated not only " denominational " religion, but all religion. The Church, as a general rule, had used its influence against Liberal ideas, consequently the teachings of the Church were to be stamped out in our educational system. " Clericalism is the enemy," cried Mr. Lloyd George on one occasion, quoting Gambetta. The enemy of what? Of Liberalism, of course, and therefore to be proscribed.

An utterly unwarrantable cry of " Slavery in the Empire ! " was raised *à propos* of Chinese indentured labour in South Africa, and illustrated by a revolting poster in which the ghosts of two British soldiers, slain in the South African War, contemplated a gang of chained and manacled Chinese being flogged to their work. " Is this what we died for ? " asked one of the soldiers. At every meeting howls of " Chinese slavery " greeted the Conservative orator, and the number of votes won by that lie (subsequently described as " a terminological inexactitude ") was incalculable.

The " Big Loaf and the Little Loaf," a monstrous exaggeration of the effect which, it was said, a preferential tariff would have on food prices, settled the matter. There was a Conservative *débâcle*, and Liberalism returned triumphant—

to wreak vengeance on all who had dared to oppose it.

An Education Bill was immediately introduced, permeated with virulent prejudice against the Church. As it progressed it became more and more complicated, confused and impracticable. The Lords amended it drastically, and the Liberal Government thought that on the whole it would be good tactics to drop the Bill, and use the matter as another count in the indictment they were concocting against the Lords.

Then came the Licensing Bill of 1908, masquerading as a "temperance" measure, but quite obviously designed to destroy the power of the licensed trade, because that power, it was said, had been abused. How abused? Why, brewers and publicans were opposed to Liberalism. "Public houses are Tory committee-rooms," I recollect hearing one Liberal orator remark. On the same reasoning a Tory Government might have suppressed Nonconformist chapels, which at that time, and since that time, might fairly be described as Liberal committee-rooms.

The licensed trade, however, was resolute to defend itself, and well organised. Public opinion clearly disapproved of a Bill which, besides savouring of moral tyranny, was founded upon principles so grossly and palpably predatory that it would plainly have served as a precedent for any measure

of confiscation. The Lords, beyond any doubt, correctly interpreted the popular opinion, and rejected the Bill. Foiled again in their sordid campaign of spite, the Liberals added another false count to their indictment against the Lords.

The landowner was next marked for destruction : had he not thwarted the men of Manchester aforetime ? Had he not consorted with parsons and brewers, and other evil and illiberal persons ? Did not his pampered pheasants eat the wurzels of the wretched farmers ? Did not his stags roam over forests where the smiling corn might wave ? For such were the absurdities included in the raving denunciations of Mr. Lloyd George. Did not wicked barons like Howard de Walden squeeze premiums and fines out of starving little Welsh drapers—like Mr. Lewis of Oxford Street ? Oh, it was shameful ! “ God made the land for the people,” sang the radical chorus, and “ why should we be beggars with the ballot in our hands ? ”—sentiments which caused a good many wealthy Liberals a few twinges of uneasiness. This was getting *rather* near Socialism, wasn't it ? But never mind : they could stop at dukes and country gentlemen. So on went the land taxes. And once again the Lords intervened. I deal in my chapter on the House of Lords with the course of that dispute—the trial by the electors, the acquittal of the Lords by that

tribunal, the sentence and execution, carried out in spite of the verdict, by bribed assassins, Socialist and Nationalist.

The Church had escaped ; the brewers had escaped ; the landlords, it appeared, might escape. So the roof of the Constitution must be brought down with a crash, if only thus could the enemies of Liberalism be punished. And all this time Mr. Lloyd George, at Newcastle and Limehouse and elsewhere, was preaching the class-war with a vocabulary so venomous, a disregard of facts so reckless, that to those, like myself, who remember it clearly the efforts of the Clydesiders to-day seem comparatively sober and restrained.

But let us give them some credit. Their minds were not entirely occupied with revenge : they had tender thoughts, too, of giving pleasures and treats to their friends. For fifteen years or more Ireland had been growing steadily more content and tranquil. Agrarian crimes and boycotting had practically disappeared ; she had full local self-government, was lightly taxed and much over-represented at Westminster. The Land Purchase Act of 1903 was working wonders, and only professional politicians really cared very much for Home Rule.

But the eighty-four Irish bravos whose daggers were required for the murder of the Lords must have their fee. They demanded Home Rule

and they demanded the coercion of Ulster. They got their price, the old wounds were torn open, and those chapters of Irish history began which, on the whole, are as bloody and as humiliating to both countries as any pages in the whole sad book.

That book, it may be, is closed. Who can foresee?

But the Socialists (we had to call them "Labour" then) also claimed their fees. Really, it seems to me, they deserved none, for from beginning to end the Liberals had been steadily blazing the trails and clearing the paths for Socialism.

But they were rewarded by the egregious Trade Disputes Act of 1906. The sound legislation of Disraeli put employers and employees on an equal footing before the law; the Act of 1906 put the unions above the law, and the evil fruits of that unscrupulous compact will be treated in a separate chapter.

Only one other field was left in which they could further demonstrate their imbecility—foreign affairs, with which, of course, the question of national defence was and must be intimately limited.

Those of us who before the War watched the behaviour of Germany with growing uneasiness, who uttered warnings from time to time, who took a view of various international "incidents"

which we afterwards found coincided with the views of Sir Edward Grey, were violently abused as jingoism, scaremongers and panic-makers by sanctimonious Liberalism, of which Mr. Runciman's behaviour was exquisitely typical, as it always is. "What dangers have we to fear in Europe?" he inquired, at a time when Grey himself was desperately anxious. "Germany has been sobered by a democratic movement, which was a Free Trade movement" (observe the genuflection to Free Trade, that holy thing!) "within her borders; Austria might show signs of disintegration, but she is not likely to fall under German influence—so, with sober men to conduct our affairs, there is no fear of entanglement with the continent of Europe;" and again, "In the army vote I want a reduction not of thousands but of millions—we require a regular army only for the frontier of India."

It was not merely the regular army, but the navy too, which he and his friends desired to reduce. I take him because he is so exquisite a specimen of Liberalism. Expenditure on the defence forces was "gall and wormwood" to him and he bitterly regretted that the first Dreadnought was ever built. These regrets were not shared by his countrymen on August 4, 1914.

In 1911 Mr. Winston Churchill was sent to the Admiralty. That Germany was piling up arma-

ments was a circumstance which made even Lord Haldane uneasy, and Churchill's suggestion to Germany of a "naval holiday" was curtly refused.

Consequently naval expenditure had to go up, and did go up, under McKenna first and afterwards under Churchill from £20 millions to more than £50 millions. And all this time leading lights of Liberalism were wailing and protesting. Mass meetings were organised, resolutions were passed, deputations waited on Mr. Asquith, the Kaiser was cheered, and no less than seven times between July 1912 and August 1914 did Liberal members force divisions on naval expenditure. Even Mr. Lloyd George (in 1912, I believe) spoke of the folly of building "useless ships to fight mythical armadas."

On these occasions, it is hardly necessary to remark, Conservatives put their duty to the country before the temptation to overthrow the Government, and voted for those ships which a few years later saved Britain from defeat and destruction.

And so, after they had attacked and harried all their enemies, dismayed and terrified both landlords and business men; retarded building and land transfer by stupid taxation which yielded nothing; done their best to expose their country naked and disarmed to the Prussian; brought

Ireland to the verge of civil war ; propagated class animosity ; and well and truly laid the foundations of Socialism—the storm, for a time, engulfed them, and a generation has grown up which does not appreciate how much of our present tribulation we owe to eight years of “ Liberal principles ” in operation. But there is a scripture which sounds best in “ the obscurity of a learned tongue.”

“ Canis revorsus est ad vomitum suum, et sus lota in volutabro luti.”

Let us resume the tale in 1923.

Defeated at the polls on the proposal to protect home industries by tariffs, Mr. Baldwin's party was nevertheless the largest group in the House, a fact, by the way, which reveals a considerable modification of public opinion on that question since 1906.

The Socialists, who by this time had definitely hoisted the Red Flag, were the second group ; and the Liberals held the balance.

The Tory programme contained a substantial amount of social work with which any reasonable Liberal could have co-operated, and the tariff policy was definitely abandoned.

Animated, however, by that spirit of vindictiveness, the true spirit of faction, which, I repeat, is their peculiar vice, they preferred to serve as MacDonald's flunkies, trotting obediently, in their

red liveries, through the Socialist lobbies, sneered at and snubbed even by their masters. Not till the outrageous surrender of the Socialists to Moscow and the Communists in the autumn of 1924 did they conceive the idea of posing as stern patriots and combining with the Tories to turn the Government out. The electors were not deceived by this piece of humbug, and in the hurricane of 1924 their rotten old tub foundered beneath them. Some were picked up by Conservative boats; others swam to a pirate craft, where they look singularly silly amongst "Flint's old buccaneers." The rest of the shipwrecked crew have made a driftwood fire of odds and ends which, they pretend, is a light-house. Take care! It is a "false fire" and will lure you to disaster on a bleak and barren coast. On all the big questions which have confronted Parliament since 1924 their conduct has been vacillating, inconsistent, unprincipled. Mr. Lloyd George is once again practising the old airs of 1910. "Willing to wound and yet afraid to strike," his conduct over the Chinese trouble, the Strike, the Trade Disputes Act and naval questions has revealed him in the old light, the true light, the leader, not of a nation, nor even of a party, but of a faction.

And now, as I have said, the old music of 1906—1910 is brought out again from the cabinet :

the cracked old piano, the squeaky old fiddle, the unstrung Welsh harp twangle the cacophonies of twenty years ago. "Down with the landlord," "Scrap the navy," "Stop the beer," "Free Trade for ever"—the stale old choruses are murmured once again. But those who are not content with the National Anthem have got accustomed to more robust music than this, and find the "Red Flag" more inspiring.

Their "false fires" will attract, I think, neither the honest merchantman nor the pirate barque; and the mariner who hears their attempts to imitate sirens will stop his ears, not because he is in any danger of being charmed, but to protect himself against the noise.

## CHAPTER V

### INDUSTRIAL RELATIONS AND TRADES UNIONISM. I

IN my chapter on the "False Fires of Liberalism" I exposed the fraudulent claims of the Liberal Party to be the only true friend of the working classes, and cited some evidence to show that in all matters affecting the "condition of the people," the Tory record was unsurpassed. In no sphere has this been more clearly demonstrated than in legislation to assist organised labour. I call as a witness the *New Statesman* (November 13, 1920), which is not likely to be biassed in my favour :—

"Workers owe the whole of the improvement in their conditions to Trade Unionism, and to Trade Unionism alone, and it was not the Liberal Party, but the Conservative Party, which put the Trade Unions into a position to do their work. It was Gladstone who sought to shackle Trade Unionism at the most critical stage in its development: it was Disraeli who unloosed the chains. And the same is true in almost every sphere of social legislation, from education to workmen's compensation. Until the Labour Party came

into being, fifteen years ago, as an independent force in politics, threatening the very existence of the Liberal Party, the Conservatives had done more for the 'under-dog' than ever the Liberals had."

There is, then, a traditional, historic sympathy between Tories and the Trade Unions, and it is tragic that the complete capture of these organisations by Socialist politicians should in 1927 have forced a Tory Government to pass an Act for the protection of the public at large, and of working men in particular, against the acts of violence and aggression which these evil counsellors have persuaded them to commit.

The Conservative Party is nothing if not a National Party. It stands, indeed, for property as the necessary basis of a civilised State. It stands for capital, as a necessary development in the use of property. But it does not stand for capitalists as a class. And it is well aware, and was well aware long before Liberals realised the fact, that capital is a form of property which differs from land in this respect—it is more apt to assert its rights, less ready to remember its duties. If the landowner needs watching, lest he should abuse his power, the capitalist (in the industrial field) wants watching more closely still. He has the power of the purse, he has the means of production in his hands, he is, and for long has

been, well organised in formidable associations and federations. If the workers are to get "a square deal" they too must be organised, they must be free to make collective bargains, they must be free to apply compulsion by the concerted withdrawal of their labour, which we call a strike. Sanely and diplomatically led, Trade Unions make for industrial efficiency. How comes it, then, that the public, and particularly the middle classes, have come to fear the tyranny of Trade Unionism? And what must be the attitude of our Party to-day?

Again, as in other chapters, I must adopt the historic method, and devote some pages to tracing briefly the history of the movement, and the development of the law.

It is strange to reflect that a hundred years ago workers were forbidden by the "Combination Acts" to form any kind of combination for the purpose of securing advances of wages, or alterations of hours of work, or even to attend meetings for the promotion of these objects.

These Acts were repealed by the Conservatives (it was mainly Huskisson's work) in 1824; but, as certain disorders ensued, a further Act was passed in 1825 which suffered combinations for purely industrial purposes—such as fixing wages—but forbade coercion and molestation.

The Webbs, in their great work, *The History of*

*Trade Unionism*, remark that the Act of 1825 "effected a real emancipation. The right of collective bargaining involving power to withhold labour from the market by collective action was for the first time expressly recognised."

Sir Henry Slessor and Mr. Baker in *Trade Union Law* say that this Act "may be regarded as the foundation of the present law concerning the rights of Trade Unions." The next step was also taken by a Conservative administration, which passed in 1859 the Molestation of Workmen Act. This enacted, *inter alia*, that no person by reason merely of his entering into an agreement with any other person for fixing the rate of wages at which they should work "*or by reason merely of his endeavouring peaceably, and in a reasonable manner, or without threat or intimidation, direct or indirect, to persuade others to cease or abstain from work,*" in order to obtain the rate of wages or an alteration in hours, should be guilty of molestation or obstruction within the Act of 1825.

It will be noted that these provisions confer a right of "peaceful picketing," but the persuasion could only be used to induce a person to leave employment after due notice. To persuade him to break his contract still remained an offence.

The Liberal Act of 1871 gave Trade Unions a definite legal status which they had not up to that time enjoyed, and provided that their objects,

even if in "restraint of trade," were not merely on that account to be deemed unlawful. This was an advance, of course, but the Criminal Law Amendment Act of the same year repealed the Molestation Act of 1859 (with its qualified picketing clause) and provided for the imprisonment of anyone who used violence to, or molested, or intimidated a workman to induce him to refuse work, and it defined molestation as including "watching and besetting."

"In this unsatisfactory shape," say the Webbs, "the two bills passed into law. Trade Societies became for the first time legally recognised and fully protected associations; whilst, on the other hand, the legislative prohibition of Trade Union action was expressly reaffirmed and even increased in stringency. In the eyes of the Trade Unions the result amounted to a defeat; and the conduct of the (Liberal) Government caused the bitterest resentment."

When Disraeli succeeded Gladstone in 1874 he appointed a commission to inquire into the working of the Acts of 1871, and in consequence of its report two Acts of the greatest importance were placed on the Statute Book. Once again I cannot do better than cite the opinions of the Webbs, who have summarised their effect as follows:—

"These Acts completely satisfied the Trade Union demands. The Criminal Law Amendment

Act of 1871 was formally and unconditionally repealed. By the Conspiracy and Protection of Property Act, definite and reasonable limits were set to the application of the law of conspiracy to Trade Disputes.

"The Master and Servant Act of 1867 was replaced by an Employers and Workmen Act, a change of nomenclature which expressed a fundamental revolution in the law. Henceforth, master and servant became, as employer and employee, two equal parties to a civil contract. Imprisonment for breach of engagement was abolished. The legalisation of Trade Unions was completed by the legalisation of their methods. Peaceful picketing was expressly permitted. The old words 'coerce' and 'molest,' which had, in the hands of prejudiced magistrates, proved such instruments of oppression, were dealt with as part of the general criminal code. No act committed by a group of workmen was henceforth to be punishable unless the same act by an individual was itself a criminal offence. Collective bargaining, in short, with all its necessary accompaniments, was, after fifty years of legislative struggle, finally recognised by the law of the land."

Section 7 of the Conspiracy, etc., Act, and the proviso thereto deserve special attention. That section makes it an offence to "*watch or beset*" the house where another person resides, or works, or carries on business, or happens to be, or the approach to such house or place. And the

proviso runs : “ *Attending* at or near the house or place where a person resides or works or carries on business or happens to be, or the approach to such house or place, *in order merely to obtain or communicate information*, shall not be deemed a watching or besetting within the meaning of this section.” Here, for a generation, the development of Trade Union legislation rested.

In the meanwhile the Unions fell more and more under the domination of politicians, and the politicians fell more and more under the domination of Socialists, until in 1899 the Trade Union Congress formed the “Labour Representation Committee,” now the “Labour Party.” From that time the aims of Trade Unionism have been quite as much political as industrial, and it has finally identified itself entirely with one Party—the Socialist Party.

Workers are, in practice, compelled to belong to a Union; the Union will almost certainly be affiliated to the Trades Union Congress; and the objects of the T.U.C. are thus stated in its Constitution :—

“ The objects of the Congress shall be to promote the interests of all its affiliated organisations and generally to improve the economic and social conditions of the workers. In furtherance of these objects the General Council shall endeavour to establish the following measures, and such

others as the Annual Meeting of the Congress may from time to time approve : (i) Public ownership and control of natural resources and of services ; (a) nationalisation of land, mines, and minerals ; (b) nationalisation of railways ; (c) the extension of State and municipal enterprise for the provision of social necessities and services ; (d) proper provision for the adequate participation of the workers in the control and management of public services and industries. . . ."

There is no material difference between this statement of policy and that of the "Labour Party." Socialism is the avowed end and object of both. Ostracism or Socialism is the dilemma with which this policy has confronted the worker.

As soon, then, as the Trade Unions decided on direct labour representation (in fact, even before) they proceeded to collect funds for political purposes, such as the financing of candidates, the maintenance of Members of Parliament, the publication of literature, newspapers and so on, and this they did by appropriating to those purposes a certain proportion of the contribution of each member. We must now return for a while to the legislative side, and take up the story when the Liberal Party were returned to power in 1906.

In a famous action known as the Taff Vale Case (1901) it was decided that : (1) a Trade Union can be sued as such for the torts of its agents ;

(2) that it is actionable to procure, in pursuance of a trade dispute, a person to commit a breach of contract, and (3) that the picketing proviso in section 7 of the Act of 1875 (to which I have already directed attention) does not authorise attending at or near an employer's works, etc., for the purpose of *persuading a person to abstain from work*.

The Conservative Government in 1903, like its predecessor in 1874, appointed a commission to report on the position. The Commission came to the conclusion that Trade Unions ought to be answerable for the *authorised* actions of their members, but not for the *unauthorised* acts of branches. They also thought that persuasions to strike should no longer be illegal.

The Liberal Government of 1906 announced that they would introduce a Bill on the lines of the Report, but declared they would go no inch further. "Do not let us," said Sir John Walton, the Attorney-General—"do not let us create a privilege for the proletariat and give a sort of benefit of clergy to Trade Unions." He referred to the counter-proposals then made by the Labour Party to give the Unions *complete* immunity, which were described by Lord Haldane as "preposterous propositions." But the whole abject crew, like true Liberals, "swearing they would ne'er consent, consented," and passed, simply to

placate their Socialist allies, the Trade Disputes Act, 1906, which (to quote the Webbs for the last time) "explicitly declares, without any qualification or exception, that no civil action shall be entertained against a Trade Union in respect of any wrongful act committed by or on behalf of the Union: *an extraordinary and unlimited immunity, however great may be the damage caused, and however unwarranted the act, which most lawyers, as well as all employers, regard as nothing less than monstrous.*" I respectfully adopt the Webbs' interpretation of this measure, and beg to proclaim myself one of the majority of lawyers!

The last episode in the story of Trade Union legislation for which I must ask the attention of the patient reader before I pass to the current phase was the Trade Union Act of 1913. That, too, arose out of a famous case in which one Osborne of the Amalgamated Railway Servants obtained a decision against that Society to the effect that Unions had no right to impose a levy on members or to use their funds for political purposes.

This decision was a surprise to most people, but to the political leaders of the Unions it was a deadly blow, for Trade Unionists displayed no readiness at all to supply the necessary resources by voluntary contributions!

The Liberal Government therefore came to the

rescue again, first by voting payment for Members of Parliament, secondly by passing the Trade Union Act 1913, which, quite properly, enabled the Unions to establish political funds, and, quite improperly, permitted them to impose a levy on each member, *unless that member obtained exemption by signing a form to "contract out."*

In my opinion, both the Trade Disputes Act of 1906 and the Trade Union Act of 1913 were bound to lead to abuses, and have led to abuses. Between them they encouraged the Socialist oligarchs of the Unions to extort money from their members and utilise that money for purposes for which Trade Unions were never intended and for the propagation of principles which the majority of Trade Unionists definitely disapprove.

I regret that I should have demanded so much of my reader's attention for my exposition of bygone legislation ; but nobody can form a correct opinion of industrial relations to-day unless he is familiar with the latest developments of this great movement. And, like so many other problems in British politics, those developments are only intelligible in the light of history. By these successive steps, then, the Trade Unions were equipped with a formidable armoury of defensive and offensive weapons. In the next chapter I shall treat of the manner in which those weapons have been employed.

## CHAPTER VI

### INDUSTRIAL RELATIONS AND TRADES UNIONISM. II

It cannot possibly be denied that the relations between employers and workers have become more and more embittered during the last twenty years. No reasonable man will assert that the faults have been all on one side. Over and over again employers have displayed a melancholy lack of imagination and of the sympathy that springs from imagination. Over and over again they have made reluctantly and under pressure concessions which would have evoked gratitude if they had been made spontaneously and as acts of justice. They have sworn that to yield another sixpence would spell ruin: they have had to yield another shilling, and still made a good profit. They have not made half the efforts they should have done to win the confidence of the men, nor have they won, as I believe they might have done, a reputation for candour and plain dealing in the conduct of their case. They never seem to have realised that the level of intelligence,

the standard of knowledge is higher than it was in the days of Disraeli. We can no longer expect the workman to accept, like a child, the statement that business organisation is a mysterious and complicated affair, far beyond his comprehension, which consequently he must not criticise, and in which he can never hope to share. "Daddy says so: that's enough for you," has too long been the tone of the "captain of industry." But his men, nowadays, *are* men, and not infants, and they feel that whoso fails to recognise and admit the fact is either a fool—or a knave.

This spirit of antagonism has for a generation been the curse and may be the ruin of British industry. But while we censure the employer for being devoid of that spirit which has been displayed so much to the advantage of all parties by American employers, we cannot forget that American labour has behaved in a very much saner fashion. It has, up to now, abstained, generally speaking, from the folly of identifying itself with politics, and with Socialism it would have nothing to do. The leaders of labour in this country have never striven to make Capitalism a success. On the contrary, their avowed policy, to which they have succeeded in committing the Trade Unions, is the destruction of Capitalism altogether. And it is hardly likely to soften the hearts of employers when for a generation they

have been denounced, abused, and described in every Socialist publication, on every Socialist platform, and on the Socialist benches (even the front benches) in the House of Commons as tyrants and robbers whom the children of the workers must be taught to regard as their natural and implacable enemies. The outcome of these lamentable conditions has been a series of industrial disputes of increasing frequency and ferocity, a large proportion of which could have been avoided had the spirit of conciliation and co-operation prevailed. I give a table from the *Liberal Yellow Book*, which shows this alarming progress towards industrial suicide :—

Period.	No. of disputes.	No. of workers involved.	Average per annum.	No. of days lost.	Average per annum.
1898-1905	4371	1,345,000	168,000	34,500,000	4,300,000
1906-1913	5561	4,546,000	568,000	89,300,000	11,100,000
1919-1926	6553	11,084,000	1,385,000	357,000,000	44,300,000

Assuming an average wage of 10s. per day, this means that in the first period the loss of wages due to industrial disputes, calculated at present money values, was about £2,000,000 a year; in the second period £5,500,000 a year; and in the third period £22,000,000 a year. What these disputes cost the community in dislocation of trade, in loss of markets, and in other indirect ways there is no means of calculating.

This is deplorable enough, Heaven knows, but it is not only the number of these dislocations and stoppages that gives cause for uneasiness. Their character has changed. Had they all been pure questions of wages or hours, it would be bad enough ; but the subjugation of the Trade Union movement by the Socialist politicians has been the cause of another and even more disquieting phenomenon. The strike weapon, these politicians have discovered, may be employed to coerce and intimidate the Government, by starving the community and depriving it of light and fuel and the means of transport. The perilous character of this innovation could not possibly be better described than in the words of Mr. J. H. Thomas :

“ I believe that whilst the strike weapon must ever be retained by the working classes as their only bargaining power, no greater crime could be committed or mistake made than in prostituting that power.”

All Conservatives and a group of “ moderate ” Socialists will agree with that view. But let us look at the facts : confining our examination to events since the War. What did the National Union of Railwaymen do in 1919 ? At a time when the railways were still controlled by the State, they embarked on a strike which brought

the nation, according to Mr. Thomas, "nearer a civil war than it had ever been before."

"This strike," said Mr. G. N. Barnes, M.P., "was needless. . . . Those responsible for bringing the men out on strike were guilty of a wanton attack upon the well-being of the community." After the railwaymen, however, came the miners. Their demand was undoubtedly political. "They were determined to have nationalisation," said Bob Smillie, President of the Miners' Federation. This dispute lasted from October 16 to November 3, 1920.

The N.U.R. decided (October 21) on a "sympathetic" strike, but it was postponed. About £14 million was lost in wages! Nevertheless the miners decided, in spite of the disastrous results of the 1920 campaign, to make one more effort to force nationalisation and came out again in March 1921. They were encouraged this time by the promise of their partners in what was called the "Triple Alliance"—the N.U.R. and the Transport Workers—to participate, to display "working-class solidarity," and to fight to a finish. But on a certain day which "Reds" still bemoan as "Black Friday" the partners backed out and left the miners in the lurch. "The heaviest defeat," said the *Daily Herald*, "that has befallen the Labour movement within the memory of man." Why this treacherous poltroonery? Nobody

knew till Mr. Thomas told the story in the witness-box when he sued the *Communist* newspaper for libel. The leaders of these Unions, he told the Court, had realised whither they were being conducted—to “a bloody upheaval.” He personally foresaw the result as Revolution, the destruction of the monarchy, and the establishment of a Soviet. This was a little too much for them: so they decided to withdraw.

The miners went on alone for about three months; and this wretched business cost the State more than £33 millions in direct expenses, increased unemployment pay by £13 millions, lost our export trade some £40 to £50 millions, and, according to Mr. Clynes, was “the underlying cause of an enormous increase in unemployment.”

The “Labour” Party cannot escape its share of responsibility for these insane disputes, nor can even so sober a “Labour” man as Mr. Thomas blame us if we criticise his leadership in view of the fact that he himself, in the year 1920, was a member of a “Council of Action,” described by *himself* as “a challenge to the whole constitution of the country,” formed with the approval of a “national” Socialist conference in London, and pledged to call a general strike if the British Government intervened on behalf of Poland in her dispute with the Bolsheviki. Mr. Bromley, a

member of the Council, proudly declared that the Council had practically taken over the Government of the country in respect of this question. Are not these episodes all instances of what Mr. Thomas called "the crime of prostituting the power of the strike"? What wonder, then, that sane people began to fear a Trade Union movement so transformed, so reckless in its policy, so exorbitant in its demands, so completely in thraldom to revolutionary leaders?

There was, however, a feeling that experience had taught a lesson, that the futility of these escapades had been demonstrated, that saner counsels would prevail. That hope was entirely frustrate: for the Trade Union Congress at Scarborough in 1925 welcomed Mr. Tomskey, president of the All-Russian Council of Trade Unions, presented him with a gold watch, and passed a variety of amazing resolutions, of which, I suppose, the most gratifying to Mr. Tomskey and his communist colleagues was the following, moved by Mr. Purcell, M.P., and carried by 3,820,000 votes to 79,000.

"This Congress believes that the domination of the non-British peoples by the British Government is a form of capitalist exploitation, having for its object the securing for British capitalists (1) a cheap source of raw materials; (2) the right to exploit cheap and unorganised labour and to

use the competition of that labour to degrade the workers' standards in Great Britain. It declares its complete opposition to Imperialism, and resolves : (i) to support the workers in all parts of the British Empire to organise the Trade Unions and political parties, in order to further their interests ; and (ii) to support the right of all peoples in the British Empire to self-determination, including the right to choose complete separation from the Empire."

Is there any room for surprise that the coal " stoppage " of that year should have culminated in the General Strike of 1926, when, after all their experience, the Trade Unions were ready to hearken to Purcell and Tomskey and to proclaim as their avowed object the overthrow of Capitalism and the disruption of the Empire ?

The origin and course of that last attempt to substitute the Trade Union Congress for Imperial Parliament is too fresh in all minds to need recapitulation ; suffice it to say that it led to the latest statute dealing with Trade Union questions—the Trade Disputes Act 1927.

The four principles on which this measure is based are : (i) a general strike is illegal. No man shall be penalised for refusing to take part in it. (ii) Intimidation is illegal. No man shall be compelled by threats to cease from work against his will. (iii) No person shall be com-

pelled to subscribe to the funds of a political party unless he so desires. (iv) Any person entering the established Civil Service owes undivided allegiance to the State.

The two first propositions are probably rather a distinct restatement of the law than an alteration of it. "There will be conditions," said Sir Douglas Hogg, "which will have to be fulfilled before a strike can be declared illegal. The first is that it must have an object other than, or in addition to, the furtherance of a trade dispute within the industry, and, secondly, it must be designed or calculated to coerce the Government either directly or by inflicting hardship upon the community."

As for "sympathetic" strikes :—

"Some are not affected by this Bill, some are. The question whether or not a sympathetic strike is affected by this Bill depends upon two perfectly simple questions. First, is the strike in the trade or industry which is concerned—because there can be a sympathetic strike within a particular industry? If it is within the industry, then it is not touched by the Bill. Secondly, assuming that it is not within the industry, then is it a strike which is aimed, by its natural and necessary consequences, at the employer or at the Government? If it be aimed at the employer, then it is not touched by the Bill, but if it is aimed at the Government, it is."

In short, no bona fide, genuine industrial dispute is in any way barred by the Act ; but nobody can seriously pretend that this pronouncement of the law was unnecessary or unjustifiable who reflects on the previous events to which I have alluded, or reads the declarations made afterwards by impenitent Socialists like Messrs. Lansbury and Purcell to the effect that this was only the first of a series of such assaults.

Neither is "peaceful picketing" prohibited or limited. The existing law is merely declared. But "intimidation" is defined to mean "to cause in the mind of a person a reasonable apprehension of injury to him or to any member of his family or of violence or damage to any person or property," and the expression "injury" includes injury other than physical or material injury.

In view of the unquestioned instances of "making a man's life a hell to him" which is characteristic of the modern strike, this provision, likewise, was both justified and necessary.

Whereas the Act of 1913 compelled Trade Unionists to pay the levy unless they "contracted out," now they are deemed to be unwilling to pay unless they signify their readiness by "contracting in." If this has resulted in any serious decrease in Trades Union political funds, that would prove the contention that numerous

boothionists formerly paid under pressure and to avoid the obloquy attending upon refusal.

I do not propose to touch on the other provisions of the Act, important though they are. The points I have mentioned were the battleground, and these are the provisions which Socialists describe as an outrageous attack on Trade Union rights and privileges. Their attempts, however, to stir up a tempest of indignation among the workers have been a dismal failure and their threat to repeal the Act if they return to power is, in my opinion, rather calculated to keep them out than to put them in.

I have now travelled, as rapidly as I could, over the course of the Trade Union movement to the present time. I have remarked on its tendency to embitter industrial relations, to furnish employers with an excuse for their suspicions and somewhat harsh attitude, and to alarm and alienate the general public. Is there any sign of improvement, and if so, how far can the Government, which has done its duty in protecting the public and the individual worker by the last Trade Disputes Act, promote harmonious relations?

## CHAPTER VII

### INDUSTRIAL RELATIONS AND TRADES UNIONISM. III

FROM the type of employers whom I have described, and from the extremists of the Trade Union Socialists there is little to be hoped. But it does seem that the fiasco of the General Strike and the folly of these leaders in always aiding and comforting the enemies of their country have disgusted the bulk of the workers, who are not revolutionary and who are proud of their country and the Empire. The way they vote at the approaching election will show whether this view is justified or not. But public opinion is, of course, a great force, and it is sick of witnessing the destruction of industry and the loss of markets through inefficiency and bigotry.

It is noteworthy that conflicts in the mining and quarrying industry account for 62 per cent. of the 357 million working days lost since the War. Together with transport they account for perhaps three-quarters of our losses. In many other industries—iron and steel, for example, and the

boot trade—there has not been a fight for well over twenty years.

No doubt psychological as well as industrial factors play their part in the present discontents.

Employers are tired of being depicted as a blend of Nero and Judas Iscariot, and disposed to harden their hearts. They feel little inclined to suffer interference in the conduct of their business by men whose avowed object has for so long been the destruction of that business, who have shown such barrenness of statesmanship, such deficiency of economic sense. Many have made offers of sharing and co-partnership schemes; but it is a fact that Labour has looked askance at these advances. And when you have made a *true* statement of your position, and produced all relevant accounts and figures, it is exasperating to be told that they are all faked and misleading. Hence the employer says, "It is all very well to advise me to act like the American employer: so I would if I were dealing with the American working-man, who sees that his interests and those of the boss are really common interests."

The worker, on the other hand, does suspect—not without some justification—that he doesn't get a "square deal." He feels he might be taken more into his employer's confidence. Not infrequently he thinks—and with good reason—that the business is not as well organised or as efficiently

run as it might be. He has, perhaps, sensible suggestions to make—but who cares what *he* thinks or says? Industry tends more and more to be an affair of “cartels,” combinations, trusts and amalgamations, and ever the individual man gets less chance of a word with the individual employer. In fact, there is no individual employer with whom he can speak “face to face.” He is an obscure and obliterated unit with nobody to single him out or praise him for a piece of specially good work, with no chance of rising, like the industrious apprentice. Great cartels have no daughter for him to marry!

He does not believe—and again he has his reasons—that he is going to get his proper share of the prosperity he helps to create. He is, of course, mistaken in supposing that he creates *all* the prosperity, or that he will have better scope for his individual and personal qualities under a Collectivist system.

That would be even more soulless, and he would be even more a “serf.” But he does feel that his present position is too much like that of a machine and too little like that of a man.

There has, therefore, been, as I have tried to show, a continual drifting apart of these two partners (for God has joined them together, whatever people say) when their closer union alone stands between this country and ultimate ruin.

“The Devil’s in it!” one feels inclined to say.

Up to the present time Governments have been reluctant to do much more than offer “their good offices” for the composition of disputes. A certain amount of standing machinery exists. In transport, for instance, we have the Central Wages Board and the National Wages Board. In agriculture we have the Agricultural Wages Boards. The local (county) boards settle minimum wages in their own areas, and there is a national tribunal which examines and may refer back to them their decisions. Rates of wages and conditions of work settled by these bodies become implied conditions of contract in the agricultural industry.

So the Trade Boards (Trade Boards Act 1909) fix what may be called “welfare” wages and conditions in a number of industries where labour organisation has been lacking and “sweating” has been prevalent.

Industrial Courts, too, may be set up for arbitration purposes in industrial disputes under the Industrial Courts Act 1896. And, besides these statutory bodies, other bodies are functioning, such as Joint Industrial Councils which exist in some fifty industries differently composed and with varying powers.

“Works Councils,” sometimes composed solely of wage-earning workers, sometimes of the management and workers together, have been tried in this

country, and in Germany and Sweden have been made compulsory by law in all factories and workshops of more than a certain size. They are, or can be, utilised for the ventilation of grievances, for the expression of the workers' views of the conditions under which they work, and for the collection and correlating of suggestions and ideas. There is a difference of opinion as to the measure of success achieved, and Trade Unionism in this country is apt to view them with rather a jealous eye.

In addition to this machinery for settling wages, interposing in disputes and extending the control of the workers over the conduct of business, various schemes of ownership-sharing have been tried here and abroad. Probably we are, as one would expect, behind the Dominions and America in these experiments, but there is now a considerable volume of information, and valuable experience has been gained.

The Liberal Yellow Book (*Britain's Industrial Future*), a compilation of great value, and, I should say, the best compendious survey of the whole industrial field recently published, contains a mass of data on this and kindred questions, and a great number of interesting and in many cases practical suggestions.

When I say "practical" suggestions, I mean suggestions which might very well be adopted

and found practical by employers and their men. Where I part company with the authors of *Britain's Industrial Future* is on the question of legislating about these questions. I wish to state, in the clearest possible way, that I am not adopting this attitude on *principle*. I do not agree for a moment with the theory that the State has no right to interfere in matters commercial and industrial by way of restriction, or of regulation, or of control. "Private enterprise" to-day means something very different from what it meant in 1850, and "free competition" has been restricted in all sorts of ways either by law or, more frequently, by what one might call commercial and industrial "evolution." Sheer, undiluted, individualism never was a dogma of the Tory, and is not so to-day, when one can appeal to example upon example, precedent upon precedent, of acts of interference by the State to which the Tory has fully committed himself. In this sphere, as in others, I refuse to be a doctrinaire, or to shout "Socialism" every time I am asked, as a legislator, to give statutory recognition to existing facts, and to lay a course for other people to steer by in the future. But the policy recommended by the Liberal Book goes, in my opinion, much too fast and much too far. Upon the numerous "good ideas" which the authors of that book have collected or conceived they have erected an

imposing and elaborate constitution for industry and finance.

Constitution-making is a most fascinating pursuit—and, let me add, a very easy one. Almost anybody can produce, given enough paper and coloured chalk, a beautiful tableau of councils, and committees, and sub-committees, of checks and balances, powers and limitations, methods of nomination and election. And any one of them, if not too horribly complicated, will actually work—upon one condition: *that the men and women for whom they are designed are resolved to make them work.*

The worst constitution will serve if the will to obey it is present; if the will is absent, the best constitution will break down. I apologise for what seems a platitude, but it is because constitution-makers forget this platitude that they so seldom succeed. And the Liberal mind has a peculiar weakness for these paper schemes. I make some observations on this point elsewhere, and especially with reference to India. I do not believe that those actually engaged in industry, whether as employers or workers, are nearly ready to accept half the Liberal proposals. Even in cases where they are in the mood to adopt some of those proposals voluntarily and experimentally, a feeling of resentment and antagonism will be roused if they take a com-

*Councils* must be instituted in every concern employing fifty or more workpeople, or, alternatively, falling under the Factory or Workshops Acts. All sorts of rules about the conduct of the business in question are to be made, and made only with the assent of these *Works Councils*. Legally enforceable minimum wages are to be fixed by "negotiating bodies"—Trade Boards, Joint Industrial Councils, and so on, and the *Council of Industry* is to "work out profit-sharing schemes of various types, and urge negotiating bodies to consider what types would be suitable for their industry." One opines that "urging" will in practice involve some pressure.

These are only a few—a very few—points in a prodigious group of schemes. No computation of the cost involved is available; but that, I fancy, would likewise be prodigious! Anyhow I can hardly see any point in the whole sphere of industry and commerce where bureaucracy would not penetrate; I can hardly see any department in which the practical business man would not find himself controlled and restricted by the regulations of some council, or committee, or board.

If we *are* going to set up a Council, let us attempt first to set up a Council representative of finance, commerce, industry, capital, and labour—summoning representatives of each—and ask them to give us their considered opinion of these

or alternative schemes. If you cannot induce such a Council to meet, or if they cannot arrive at any agreement when they do meet, then in vain shall we try to legislate them into harmony and efficiency. In short, here, as in so many other problems of the day, a change of heart is the first necessity. That is the condition precedent to legislation, not the consequence of it. For Parliament is sovereign over many things, but not over the hearts of men, and truly "Unless the Lord build the house, they labour in vain that build it."

pulsory shape and appear as orders issued by politicians and Ministers, in whose business capacity business men feel little confidence. Discussion in the board-room, even in joint councils, may be both unfettered and temperate in tone. Discussion in the House of Commons is invariably heated and partisan. The party taint will get into it all and pollute the atmosphere.

Surely the way to peace in industry leads towards legislation, not from it. I mean that there must first of all be a spirit of compromise and co-operation. That, we hope, has begun. Leading employers, leading Trade Unionists, must confer and see what they have in common. And let me recommend them, most cordially, to consult the Yellow Book for information and inspiration.

But Parliament must feel, when it acts, that it is giving the force of law to the wishes and recommendations of the majority of enlightened men on both sides of the conference board: otherwise we shall bring "not peace, but a sword."

So large are the Liberal schemes (not to say grandiose) that the summary alone occupies about twenty-five closely printed pages. Even a summary of a summary is hardly possible within the space at my disposal. Suffice it to say that among other proposals a tremendous "programme of national development" is to be undertaken by

the *Committee of National Development*—a Committee of the Privy Council responsible to the Prime Minister—and financed by the *Board of National Investment*—a subordinate department of the Treasury under the Chancellor of the Exchequer. This Board, “in view of the stringency of capital supply and the needs for home development,” would also “supervise the use of British capital for Imperial development.” Consider what this alone, one of a great number of other duties of the Board, implies! The State control of Companies is enormously extended. A *Committee on Trusts* and a *Trust Tribunal* are to be established. With the object of enabling the Government to have better equipment for surveying and providing for all the complex problems of modern administration, and collating and publishing information, an *Economic General Staff* is to be created, and a *Committee of Economic Policy* formed.

I pause to observe that the *Economic General Staff*, in so far as it confines itself to the collection and publication of statistics and reports, covering that wide field which only the Government is in a position to survey, seems likely to be really useful, though it will not be cheap.

The Ministry of Labour is to become the *Ministry of Industry*, and a great *Council of Industry* is to be formed. *Compulsory Works*

## CHAPTER VIII

### THE HOUSE OF LORDS

“WELL, thank God we have the House of Lords!” In so far as the Conservative point of view could be expressed in a phrase, that *was* the Conservative point of view in the days before the Parliament Act. Even now I think that view had some justification. People who condemn it do so on the ground that it is utterly undemocratic; but if they studied our constitutional history with more attention they would realise that only in very recent times has England ever pretended to be a democratic state. The great Parliamentarians of the eighteenth and early nineteenth centuries repudiated with disgust any such theory. The British Constitution, in their view, was an affair of nicely adjusted balances, of privilèges rooted in antiquity and justified by experience. To birth, to property, to learning due importance, appropriate prerogatives were assigned. Government by King, Lords, and Commons was our own peculiar glory, neither a monarchy, nor an oligarchy—but least of all, a

democracy, a word which was associated in the minds of our great statesmen of the past with mob rule, revolution and, in a phrase, with all that the famous British Constitution (envy of the world and model for Constitution-makers) was designed to prevent. The idea that every Englishman except the inmates of jails and bedlams is entitled to a vote was an idea which only candidates for bedlams and jails could in those days be found to entertain. For the franchise was not regarded as a right, but quite definitely as a privilege—which, in fact, is what the word means.

“ My firm conviction is that, in our country, universal suffrage is incompatible, not with this or that form of government, but with all forms of government and with everything for the sake of which forms of government exist: that it is incompatible with property, and that it is consequently incompatible with civilisation.”

This is a passage from Macaulay's speech on the “ People's Charter,” delivered in 1842—by the great Whig who just ten years before had argued with such brilliance and power the case for the Reform Act of 1832 !

But it was not inconsistent, for it was all in the true tradition, as expounded by Burke :—

“ The whole scheme of our mixed constitution is to prevent any one of its principles from being

carried as far as, taken by itself, and *theoretically* it would go. To avoid the perfections of extreme, all its several parts are so constituted, as not alone to answer their own several ends, but also each to limit and control the others : insomuch that take which of the principles you please—you will find its operation checked and stopped at a certain point . . . from thence it results that in the British Constitution there is a perpetual treaty and compromise going on, sometimes openly, sometimes with less observation."

This machine, Burke pointed out, was so nicely constructed that there was grave danger of its being ruined if ignorant people meddled with it.

"An ignorant man," he wrote, "who is not fool enough to meddle with his clock, is, however, sufficiently confident to think he can safely take to pieces, and put together at his pleasure, a moral machine of another guise, importance and complexity, composed of far other wheels, and springs, and balances, and counteracting and co-operating powers."

These balances and checks, as a matter of fact, were, during the nineteenth century, by the disappearance of the Crown as an effectual part of the machine, and the extension of power to the middle classes in 1832, the artisans of the towns in 1867, and the agricultural labourers in 1884, very considerably deranged. We had in effect estab-

lished democracy: we were about to reap its fruits, and one consequence, as Disraeli prophetically pointed out in the discussions on Reform in 1885, would be "great impatience of the public burdens, combined in due season with great increase of the public expenditure." Only the veto of the Lords remained, the last guarantee that property would still be respected, the last of those "checks" by which our ancestors set such store. This was destroyed in 1912 by the Liberal Government, for reasons which, so far from showing that it was unnecessary or harmful, were, in fact, its completest justification and defence.

It is worth while to pause and recapitulate the circumstances. The Lords had, on three occasions, thwarted the Radical Government of the time. That Government introduced, in 1906, an Education Bill which was a virulent attack upon denominational schools, and dictated solely by hostility to denominational education. As the Bill proceeded they found themselves entangled in a complicated and clearly unworkable scheme, which they were only too glad to drop on any excuse. The drastic amendments made by the Lords provided this excuse, and also enabled them to bawl against that body the old accusations of abusing their powers.

In 1908 again the Lords rejected the Licensing Bill, the most thoroughly unpopular (and unneces-

sary) measure I can recollect. Plainly neither of these issues would be a good *casus belli*, so in 1909 Mr. Lloyd George opened hostilities with the "People's Budget," and by the intemperance and vulgarity of his attacks on "land monopolists," dukcs, and other persons, at Limehouse and elsewhere, contributed a new phrase to the English language. The two principal features of that budget were, firstly, licencc-duties, which were plainly devised (and avowedly devised) to scourgc the brewer and publican for their wickedness in defending themselves against the Licensing Bill, and secondly, the famous land taxes, which in the course of the next twelve years cost about £5,000,000 to collect, yielded £1,500,000, and were abandoned even by their author in 1920.

This Budget was rejected by the Lords, and a general election was fought in January 1910. The Liberals lost 100 seats and returned dependent on the support of Labour and the Irish Nationalists, who had fiercely opposed the Budget. The Lords were thus vindicated, but by a compact of the most shameless character the Nationalists were bought to pass the Budget (*a*) by a promise of Home Rule, (*b*) by a considerable remission of the licence duties in the case of Ireland.

The Lords then passed the Budget, of which, as we have seen, about half the electorate had, in fact, disapproved, and the Nationalists demanded

their price. As it was too much to expect that the Lords would swallow Home Rule, it was necessary to destroy their veto first, and this was made the issue at a second election in December 1910. The result was that the Liberals obtained 272, and the Unionists 272 seats. Labour obtained 42, and the Nationalists 84. The Parliament Bill was introduced in February 1911, forced upon the Lords (by the threat of creating enough peers to make a majority) and received the Royal assent on August 18, 1911. The state of affairs which was produced by the reopening of the Home Rule question, and which brought Ireland to the verge of Civil War by 1914, I need not here discuss. The last vestiges of the Constitution as our fathers knew it have been now swept away by the Franchise Acts of 1918 and 1928, so that to-day universal adult suffrage prevails, and a girl of twenty-one, illiterate, nomadic, and possibly living on the dole or on poor relief, has as much power as a great landowner, a prominent merchant, a University professor or a large employer of labour. As a check upon that hasty and predatory type of legislation which may well appeal to the mass of persons who have nothing to lose, who have never read a line of history, who have no conception whatever of the problems presented by our imperial responsibilities, there is only left

to the House of Lords that power of delay provided by the Parliament Act ; and this, it must be noted, does not apply to Money Bills, by means of which practically any revolution can be indirectly effected.

Even this poor defence is on the list of doomed institutions in the great proscription list of the Socialist Party, and there is a real danger that we may live before long under a single chamber elected by universal suffrage.

So many people, however, are quite unaware of the position created by the Parliament Act that it may be advisable to remind my readers of its main provisions.

The section relating to Money Bills enacts that :—

*“ A Bill sent up to the House of Lords one month before the end of a session, which in the opinion of the Speaker of the House of Commons is a Money Bill within the meaning of section 1 (2) of the Act, if not passed without amendment within one month after it is sent up, will be presented for the Royal Assent and will become law, though the House of Lords have not consented to the Bill.”*

This deprives the House of Lords of any power to reject, or delay longer than a month, any Bill which the Speaker may determine to be a Money Bill. He is the sole judge, and while, of course, there is no difficulty in recognising a Money Bill of the usual kind, *i.e.* a Bill which imposes a

charge on the people, whether by way of taxes, rates or otherwise, or regulates the administration or application of money raised by such a charge—there will be great difficulty in deciding how far such a definition may be stretched when a revolutionary Government (with, it may be, a revolutionary Speaker as judge) decides to exercise its ingenuity on the problem.

The provisions with regard to all other Bills, except a Bill to prolong the lifetime of Parliament, are as follows :—

*“ Any Bill which is passed by the Commons in three successive sessions, not necessarily of the same Parliament, and rejected by the Lords in each of these Sessions, becomes law without the assent of the Lords, provided that two years have elapsed between the date of its second reading in the House of Commons in the first of the three sessions, and its passing that House in the third of those sessions.”*

The effect of this provision is to make it possible for a majority in the House of Commons, without an appeal to the country, within the lifetime of a single Parliament, to pass into law in two years and a day any measure it pleases, except one prolonging its own life.

A Socialist Government, backed by a big majority, and pushed forward by extremists, as they would be, could abolish the Monarchy, abolish the Second Chamber altogether, abolish

the Parliamentary system, suppress freedom of speech and freedom of the Press, and set up a Soviet system on the Russian model. Would they *really* do that? The answer is that there is no *constitutional* obstacle, and we should simply have to trust them.

What, then, is to be done to guard against the perils with which we are now confronted by the total destruction of that Constitution, so slowly and painfully constructed, so rashly and swiftly dismembered? On several occasions the Central Council of the Conservative Party has demanded such reform as will result in the creation of an effective second chamber with real powers. Prominent members of the Party have urged it over and over again: it has been a feature of election addresses and Party manifestoes, and we have been reminded, till we are tired, of Mr. Asquith's saying in 1910 that the Liberal plans were not a final solution and, "The problem, therefore, will still remain a problem calling for a complete settlement, and, in our opinion, that settlement does not brook delay." The Preamble to the Parliament Act is equally famous (and stale): "Whereas it is intended to substitute for the House of Lords as it at present exists a Second Chamber constituted on a popular instead of hereditary basis. . . ."

The position to-day is this. Single-chamber

government commends itself only to Socialists and extreme Radicals; the restoration of the old power of the Lords, however wise such a course might be, has been abandoned even by die-hard Conservatives, as impracticable, so long as the constitution of that House is unaltered. Moderate Liberals, and all Conservatives, would like to see a second chamber armed with real power to shield us against revolutionary measures and so constituted as to "qualify it," in Lord Summer's phrase, "for the receipt of powers that are usually confined to those who have been elected by the people."

How comes it, when so large a body of opinion has reached such a stage of agreement, that the thing is not done? Simply because to pass sweeping resolutions recommending broad points of policy is one thing, and to agree about practical details is another. It is these which wreck you in the harbour-mouth.

"No Government, not this Government or any other Government," said Lord Selborne in 1925, "can pass a bill on a question so great as this, which will be fought tooth and nail by the Socialists, unless it has behind it a determined and convinced majority of its own supporters."

That, unluckily, is just what the present Government has not got—as soon as it comes to

concrete proposals. In 1927 Lord Cave introduced what one might call the outlines of a scheme in the Lords, and a debate ensued which was illuminated by some very able and statesmanlike speeches, especially by Lord Sumner and the Earl of Birkenhead. Subsequently these proposals were discussed in the Commons, and the divergence of opinion was there so great that the whole matter was once again suffered to evaporate. Will the official programme of the Conservative Party embody all or any of these proposals, or will we again make some pious and "preambular" observations on the general desirability of reform? The latter course, in my view, will really be farcical.

At any rate I am now going to state merely my own opinions, which I own have undergone considerable modification since I have come to realise, as a result of these discussions, what I consider to be the insuperable difficulties in the way of a large and sweeping scheme.

I used to hope for, and advocate, the creation of a splendid Senate, retaining some hereditary element, but mainly composed, through various indirect methods of election, of groups representing the Dominions, the different Churches, Law, Learning, Industry, and the Trade Unions—a Senate to which the most "progressive" person would not hesitate to entrust all the powers, and

more than all the powers, possessed by the old House. What I failed to see was that the House of Commons could never be brought to sanction the creation of another Chamber which would so surpass it, in authority, and intelligence, and dignity, that its own prestige would utterly disappear. There would simply be no place for the Commons at all. But if your elected second chamber is not to be like this, all you do by the abolition of the hereditary principle is to create a sort of replica of the House of Commons, with endless possibilities of quarrels and deadlocks. Superior, or useless, must your elected Senate be,—that seems to be the awkward dilemma, and in either case you are in difficulties.

I may perhaps put the difficulties in a series of logical steps. Thus :—

(i) The only serious reason (and certainly the only reason given in the “preamble”) for reforming the House of Lords is that the hereditary principle is indefensible in a democratic state.

(ii) We must therefore substitute for the hereditary principle some elective basis.

(iii) If we do we shall either create something which is practically a replica of the Commons, or a body considerably superior.

(iv) A replica would be futile, while a

really superior assembly would dwarf and overshadow the Commons.

(v) We must therefore abandon the notion of an elected body and content ourselves, to quote Lord Birkenhead, "with a gradual process of considered elimination, the only method, imperfect as it may be, which is available for our purposes."

(vi) That imperfect method retains, and would seem likely to perpetuate, the hereditary principle—with which we began as the source of all the trouble.

It certainly is a conundrum. For I am certain that so long as birth, property qualification or nomination play any part in the composition of the second chamber "democratic" agitation will never cease to protest against it, and will never consent to the bestowal of greater powers till it is reconstituted on a wholly elective basis—which takes me back again to my first objection.

I feel disposed to leave the hereditary basis, but, following Lord Birkenhead, to go in for elimination. The present numbers render the House of Lords unwieldy, and the Peers could—and would, I believe—easily select the three hundred or so of their order best qualified for legislative duty. Among those three hundred you will have (and now have) a marvellously talented body—for are

they not constantly recruited (and especially when Liberals are in office) by new peers many of whom have been great judges, viceroys, ministers, business men, scientists and scholars?

Set up a really trustworthy impartial tribunal to decide what a Money Bill really is, and so guard against pseudo-Money Bills of a purely confiscatory and punitive character. Extend the period of suspensive veto; and finally provide (in case of deadlock) for a Referendum which will ensure that on any proposal which may not have been definitely and unmistakably approved by the electors, the electors may be consulted.

For, after all, if the electors *do* want Soviets, or the destruction of the bourgeoisie, when such matters are before them as a clear issue they must, now that we are a democracy, have that which they demand.

But at least they would have time to think, and a better chance of thinking clearly.

## CHAPTER IX

### THE LAND QUESTION

HOWEVER far back you go in your historical reading you will encounter the merchant, the landowner, the priest, and the vintner. All civilised communities from ancient Egypt till to-day have apparently looked upon them as reputable and indeed necessary figures. America has recently outlawed the last of the quartette, but, like Robin Hood and other notorious outlaws, he seems to be very popular still, and to live a merry and indeed prosperous life in the Green Wood.

Socialists hate and would abolish all four, but then Socialists hate all who are socially or economically better off than themselves. Liberals love the merchant (not perhaps as much as they used to do) and hate the other three; for Liberals (as I have previously remarked) hate everybody who isn't a Liberal. And neither the squire nor the parson nor "mine host" has ever been congenial to the lees of puritanism which form so large an ingredient in the mixture called Liberalism. Therefore Liberals have at various times

tried to wreak their vengeance on this trio of "malignants." And it was in their great assaults upon them that they came into conflict with the House of Lords in the years 1909-1910, as I have recounted in the chapter on the House of Lords.

The most vehement of all these attacks was that upon the landowners. They were to be destroyed by various land taxes included in the famous "People's Budget" of 1909. And on this question (as on so many others) it is essential to turn back to the events of that time because during those years we had our last example of Liberalism in power, because it was then headed (in fact) by Mr. Lloyd George, as it is to-day, and because, as I clearly perceive, the Liberal Policy of to-day is in the main only a revival of the old drama.

Extreme Radicals are so entirely crazy on this subject that they did believe, and many still do believe, in the "single tax" theory. They assert that if land were charged as it ought to be it could bear the whole burden of our national expenditure, and everything else could be let off scot-free. The tax proposed is to be on the "value" of the land, which they define as "the value which a piece of land has, apart from any structure or improvement on or in it." The tax proposed has always been an annual tax on the *capital* value of the land, which is a vastly different thing from a tax on the

rent or income derived therefrom. Perhaps a tax of sixpence in the pound does not sound very formidable ; but work it out on a capital value, and the results are curious.

Take a small piece of land which a small investor has acquired for £200, and from which he receives say £5 10s. per annum in rent. A tax of sixpence in the pound on that rental yields 2s. 9d. per annum. But sixpence in the pound on the £200 capital value comes to £5, and that £5 must be paid out of the £5 10s. yearly rent received.

I cannot be sure what the capital value of the land of Great Britain may be. Some years ago, I know, the Surveyors' Institution estimated it at £3,000,000,000 : and the land-taxers said it was twice as much. I will adopt the land-taxers' figure, and I will assume that owners of land, after paying all their expenses, receive 3 per cent. on their capital, which I do not think is too low a figure. Their income thus calculated is £180,000,000. Now the expenditure of Local Authorities alone is about £250,000,000. Therefore the entire income derived from land, even if you make a considerable adjustment in my figures, would not suffice to meet local services, and when it is suggested that it could be made to cover not only local taxation but imperial taxation as well, one can form an opinion of the type of intelligence from which the suggestion emanates.

But Mr. Lloyd George did not go quite as far as that. He held to the favourite Liberal theory, now apparently being revived, that a great deal of land was "held up" which was ripe for building purposes, and, further, that it is the energy and expenditure of the community which cause land to increase in value, and therefore this "unearned increment" should be mulcted for the benefit of the community.

So a grand modern "Domesday Book" was prepared, and elaborate "undeveloped land duties," "increment value duties" and other machines of torture for the wicked landlord were devised. It was for rejecting these that the Lords were condemned to death. But in 1920 they were all repealed. A special Committee, of the highest experience and impartiality, examined the results. The Deputy Chairman of the Board of Inland Revenue reported to that Committee. The Report summarised the opinions of the officials who had vainly struggled to make the machines work, and the Report was rightly described by Sir Austen Chamberlain (then Chancellor of the Exchequer) as a "cold and damning document." I will only quote two passages. One, on Undeveloped Land Duties, ran :—

"Since February 1914, its assessment and collection have been suspended in consequence of the judicial decision which laid down that the

basis adopted was wrong, and which directed a basis which is not capable of practical application as being the basis."

In fact it did not fall on land which was ripe for building and being held up for other purposes : it fell on land which had, indeed, a building value, but which was *not* ripe for building and which nobody at the time could be found to buy—a very different thing.

As for " increment value " duty, the Report went on :—

" Apart from other difficulties, administration was further rendered difficult because in the case of a very large number of assessments it is necessary to make difficult mathematical calculations and apportionments, both of the increment value duty which arose and of duty paid or deemed to have been paid on previous occasions, and to apply highly scientific principles for ascertaining the amount of duty payable. As time elapses constant apportionments and reapportionments and calculations of previous apportionments are applied, and add still further complications. Cumulatively the effect of all these difficulties is overwhelming. The charge upon minerals is one which, except in a limited number of cases, produces most inequitable results and yields no visible revenue, and drastic amendments are necessary if it is to be rendered workable."

"That," said Mr. Chamberlain, "is the case against these duties. From top to bottom they are unworkable. You cannot make them workable *without an immense mass of new legislation.*"

What wonder, then, that the Finance Act of 1920 decently buried them. They had cost about £5 millions to collect and had yielded less than £1½ millions in return! If ever the hackneyed verse "unwept, unhonoured, and unsung" was appropriate, this was the corpse about which one might be suffered to repeat it!

I do not care what form new proposals assume, whether you call them taxation of site values, or rating of site values, so long as the principles are essentially those of the undeveloped land duty and the unearned increment duty they will prove inequitable or unworkable or both. And they will have precisely the contrary effect to that for which they are designed: they will arrest the development of building estates, they will retard investment in house property, they will shut off supplies of capital. Both the Tudor Walters Committee on Building Construction (1928) and the Select Committee on Land Values (1920) reported that this had in fact been the result of the land duties in that monumental mixture of spoof and spite—the last outstanding example of Liberal finance.

But, I suppose, the word "land" first arouses

in the mind the idea of the country landowner, and the farmer, and the problems that arise out of their relationships.

The solution offered by the Socialists for this, as for everything else is nationalisation.

On a fixed day the trump will sound, and the State will then take possession of agricultural land, of all the means of transport, of electric power and supply, of the import and distribution of wheat and meat (Government joints !), of mills, of the wholesale milk trade, and of the brewing industry (Government beer again !), and, I suppose, of many, many other properties and trades. That, however, is the list of victims in *Labour's Policy on Agriculture*.

Their election programme (and how different this may be from the programme the Maxtonian movement will force them to pursue !) provides that agricultural land in semi-urban areas with a substantial site-value shall survive the day of doom, and be "reserved for further treatment." I dearly love the word "treatment."

Land, moreover, owned by occupiers and land owned and occupied by small-holders is excluded for the nonce, and will be "left in their temporary ownership until the land is required by the community on grounds of public policy." Nowadays too many people own a little land of their own to suit the Socialist—so they will be safe, till *this*

election is over, anyhow, and can be served as a savoury after the *pièce de resistance* has been consumed.

The State, it is announced, will acquire the land on "equitable terms," by which the Socialist means his own terms, and the payment will be made not in cash but in land bonds redeemable by a Sinking Fund provided out of the rents charged to the State tenants. One does hope that the State tenant, who can never have an acre of his own, will appreciate his privilege of buying the land for the State—his new landlord! The State, of course, since Socialists are honourable men, will punctually fulfil its "equitable" obligations to the dispossessed owners; and will rely upon agricultural rents for the purpose. It can hardly be expected, in view of such obligations, to make those reductions and concessions in hard times which tenants have come to expect as the usual thing from the evil private owner. How can it? The system is based on robbing Peter to pay Paul, and Peter must put up with it.

That, however, is only the beginning of Peter's tribulations. Few people, except agricultural landowners, realise the multifarious matters which come up for daily solution in the management of an estate. The tenants who want a new pig-sty, repairs to a cottage roof, assistance in a problem of rating or tithing, a small loan, a remission of

rent—who come, in short, to the landlord or his agent with a hundred matters trivial in themselves but of great moment to them, will hardly appreciate filling in forms of application to the sub-inspector, of the sub-committee of the county authority, who will send them up to headquarters, and get them back, and misunderstand them, and return them, and go through all the maddening evolutions which bureaucratic control involves before a barrowful of Government lime can be got to the Government tenants' allotment. The farmer, too, has innumerable problems of his own, and one can easily imagine how many more he will have when the wholesale milk trade and the importation and distribution of wheat and meat are also in official hands. Even the Socialists seem to have grasped the fact that the State will have those hands rather full—if their suggested organisation is evidence of their forebodings.

I have failed to make a complete list of all the commissions and committees involved. There is, anyhow, to be a big Commission in London, with a "Finance Commissioner," "Methods of Cultivation Commissioner," "Transport Commissioner," "Power Commissioner," "Marketing and Distributing Commissioner" and "Labour Commissioner." In view of the fact that they will be dealing with farmers, I suggest the addition of a "Grumbling Commissioner" and then the list

will be complete. All these worthies, of course, will need staffs and offices and inspectors and minor officials to do their bidding. And I suppose they will not refuse a salary. But, as it is written :

“ Greater fleas have lesser fleas  
Upon their backs to bite 'em,  
And these, again, have lesser fleas  
And so 'ad infinitum.' ”

Thus we must have the County Committee in each County with a little brood of Sub-committees such as “ Proper Use of the Land Committee ” and “ Rents Collection Committee ” (all to receive little salaries and “ out-of-pockets ”), and always having a majority nominated by the Minister of Agriculture. The total of these bodies, at any rate, approaches seven hundred ! And if Peter, the State tenant, doesn't farm as this herd of busybodies thinks he should, out poor Peter will go—though, it seems, he may, for some years, have been paying not only his rent, but also part of the purchase price which will convey his holding to the “ Community ” !

A Socialist Paradise in which millions of heavenly beings will troop about, self-important and snugly fed, to give the wretched tenant everything in the world except what he wants—a little help to own and work his own farm !

The humorists who composed the pamphlet naïvely observe :

“ Every endeavour should be made to minimise bureaucratic tendencies.”

The Liberal proposals are nationalisation in disguise.

“ As Merchants to protect their treasure  
Convey it in a borrowed name :  
Euphelia serves to grace my measure,  
But Chloe is my real flame.”

They love sweet nationalisation, for, of course, to them as to the Socialist, the landlord is the evil genius of the countryside. But as the word makes them blush (and well they may who remember Gladstone), they have decided to announce that, on a given date, the State will “ resume possession” of agricultural land, after which the existing tenant would hold it on “ cultivating tenure.” Originally it was to be of all agricultural land, and the Liberal Land Committee, which conceived the plan, was very clear that unless this was done the “ foundations would be a patchwork of concrete and shifting sand.” But it frightened a good many, including Mr. Runciman, who, like so many of his colleagues, is “ willing to wound and yet afraid to strike,” so in the Land Conference of 1926 they adopted the formula that “ land should be held under a variety of tenures to meet local

conditions." Students of land questions are recommended to meditate on this profound doctrine.

"Cultivating tenure" appears to be the revised edition of the "cultivating ownership" which Liberals were eulogising in 1905. The substitution of the word "tenure" for "ownership" indicates rather neatly the development of Liberal notions in the last twenty years.

Landowners are to be compensated, but must not receive "monopoly value," which Mr. Lloyd George says is "the extra value a landlord gets by holding up land against buyers." Mr. Lloyd George does not seem to know much more about the countryside than he did in his Salad days—the wurzel period—or he would not expect to find many owners guilty of this nefarious practice. In every county there will be a County Agricultural Authority (I can't help it if this sounds the same as my outline of the Socialist plan, because it *really is* the same), and they will have power to take over "all land which is badly managed or badly farmed, and any other land which in the interests of good cultivation and of the population of the land should be in its control." This land will be offered to tenants of "approved efficiency" on a sort of perpetual lease, terminable, if the Authority thinks their farming is not up to the proper standard, or if the land is needed for public

purposes, allotments or small holdings. The tenant is to pay a fair rent on the "agricultural value" of the land, a phrase which I should think will be the parent of many lively disputes. "Fair rents" is an appealing phrase; but I wonder how many tenants are paying them? I mean from an economic point of view very few landlords are *getting* fair rents. Then the tenant is to be responsible for improvements and repairs and an allowance made for that in the rent demanded. On the other hand, there will be an addition to his rent in the form of a "contribution to the expenses of the County Authority." Those who examine the Committees, Boards and Commissions to be created under the scheme will not, I fancy, be inclined to put that contribution too low—unless a good deal of the expense is to be met by the taxpayer. I absolutely decline, out of sheer disgust and fatigue, to give any more lists of these awful organisations. Every time I sit down to give a précis of Socialist or Liberal proposals I find I have to occupy two or three pages with tables of Committees, and when I have laboriously copied these out I find there is really nothing else in the schemes! Broadly speaking, you may say that all Socialist *and* Liberal proposals about everything simply come to this "Grab Mr. Robinson's property or business; pay him a derisory sum; tell him he can be an office boy or steward under the

new régime ; and then manage it by——” here follows a list of several dozen Officials and several scores of Committees.

But, of course, the simplest practical calculations show that the “cultivating tenant” cannot possibly hope to get lightly rented : the heavy and fluctuating burdens of improvements and repairs will be upon him ; and he will never, in any circumstances, call his land his own. How he can feel any “security of tenure,” when he may be kicked out because the local inspector says he is sowing wheat instead of barley, or using land for grazing when it should be ploughed, or not doing as well as the man on the next farm, who may be younger and richer—how, I say, he can feel anything but a dull envy of the Liberal land officials is indeed a puzzle.

No landlord turns out a good sitting tenant even if he has the power ; as no landlord wants a bad farmer if he can secure a good one. Truly the crushing burdens on landowners are breaking up estates everywhere, and the sitting tenant is often in a quandary if he cannot afford to buy. And that brings me back from these nightmare dreams of Committees and State tenants to the refreshing common sense of Conservative policy.

In the first place, without desiring to force any particular tenure upon anybody, Conservatives are convinced that nothing better stimulates a man

to work with hopeful energy than to be the owner of his own land or house, as the case may be. It must, however, be recognised, and is recognised by all who really know something of rural life, that the country landowner performs numerous services for nothing which will cost a pretty penny when undertaken by the State and its conglomeration of committees. The owner who lets his land does so on terms which give the tenant adequate security unless he breaks his covenants. The owner has to carry out and superintend, as a rule, practically all improvements and repairs, hedging, draining and fencing. He has to suffer the loss of bad debts and losses arising from land which is unoccupied or which deteriorates by bad cultivation. He is, in practice, forced to be lenient and to give concessions to tenants who are passing through bad times. He is expected to discharge, and nearly always does discharge, a good many public functions, as, for instance, a magistrate or a member of the County Council. His subscription list is, of necessity, a heavy one. And he gets, when all expenses and outgoings are paid, not half what he could get if he put his money into good industrial shares. So long as he is willing and able to continue, we may well be grateful to him, and his gradual extinction (under financial pressure) is beginning to be regretted even by those who used to denounce

him. But what is to be done for the tenant farmer who wishes to acquire his land when it comes into the market?

It is eminently desirable that he should be assisted to do so. And that is the object of the Agricultural Credits Act 1928, which provides machinery (*not* a network of Committees) whereby a Corporation of the Joint Stock Banks can advance money for the purchase of land or for its proper equipment with buildings up to two-thirds of its value. These loans can be repaid by instalments of principal and interest (yearly or half yearly) over a period of sixty years, and so long as these are paid the borrower cannot be called on for the balance. The Government has put its credit behind the Banks so that they can give the lowest possible terms with safety, and the Corporation limits its return on capital to 5 per cent.

But the farmer's troubles do not stop when he has been helped to purchase his farm. He does not at present get the financial assistance which is available for the manufacturer and the merchant, who can, as a general rule, get loans and credits to pay for the goods they buy until they have sold them again. These persons can thus extend and develop business without having themselves to provide heavy capital resources. Banks have, quite reasonably, been shy of serving the farmer in the same way, for their security has been

somewhat inadequate. Without going into detail it may be said that Part II of the Credits Act enables the Banks, with confidence, to arrange short-term credits on easy terms and without publicity on the security of stocks and crops. Thus the farmer will be helped to make the most of the farm he has been helped to purchase.

But on the occupier of land presses an unduly heavy burden of rates. The farmer must obviously occupy, to earn his living, a large area of rateable land. To him, one may say, his fields are both the raw material of his products and the tools of his trade. To tax these things is bad policy, especially if you tax them (as the rates tax them) before they have earned any money. To tax these things is also unjust, if the person taxed does not get his fair share of the benefits which the taxation is designed to provide. We town-dwellers pass along a country road in our motor-bus and by the side of the road stands a farmer—the road, perhaps, runs through his land—and for the maintenance of this road he is heavily rated, because all those fields of his you see and all those sheds and buildings are assessed for rates. It is we who make much more use of this road in our motor-buses and our cars than he and his fellow farmers do, and it is we who tear it up and destroy its surface, though we live in a town twenty miles away and do not pay any-

thing at all for the mischief we do. This farmer has had a poor year and actually made no profit at all, yet that will not relieve him from paying his rates. Next to me, in our motor-bus, sits a man who has a shop in our town. The premises he occupies are small, but he has a reputation, and he is a good business man, and he has made a fine net profit this year. He pays little enough in rates, even for the excellent local services he enjoys in the town, and nothing for the upkeep of that road we are wearing out in the country.

This, I am glad to say, is an imaginary picture now as far as the farmer is concerned; but it would still be a real picture if the Conservative Party had not long ago grasped the fact that agricultural land had a clear case for special treatment, and therefore relieved it, in 1896 of half its rates, and in 1923 of three-quarters of its rates. Under the present Local Government Bill we propose to relieve it of all its rates.

The Rating and Valuation Act of 1925 moreover extended to farm buildings the relief hitherto only given to the land: and the effect of these measures taken together will be that the farmer, in future, will only pay rates as the occupier of a dwelling-house, and need not watch us passing in our motor-bus with any rankling sense of injustice.

But two more instances of practical assistance, as distinct from doctrinaire theories, can be cited

to the credit of the present administration. They are comprised partly in the Local Government Scheme and partly in the Finance Act of 1928. Firstly, the rating relief which is to be given to railways must be passed on by way of reduced charges on the carriage of certain classes of merchandise, including various items of agricultural produce. This part of the scheme came into operation on December 31, 1928, and should mean an annual contribution to agriculture of about £800,000. Secondly, there will be, in future, an Exchequer grant of about £2½ millions towards the improvement and maintenance of Class 1 and Class 2 roads, and nearly as much for the improvement and maintenance of unclassified rural roads.

I pass over a considerable list of minor measures, each designed to render assistance to the farmer where experience suggests that Government assistance can be given with a minimum of interference and a maximum of effect, merely noting that the sugar beet subsidy alone is an important, an interesting, and, up to now, a successful experiment in developing new agricultural potentialities and resources. It deserves the eulogy given it by Mr. Buxton, the Minister of Agriculture in the Socialist administration of 1924, who confessed that it was "One of the greatest measures, perhaps, undertaken since the establishment of the Ministry of Agriculture."

But I must allude before leaving the land question to two Acts passed by the present Government.

The Landlord and Tenant Act (1927) deals with a grievance of urban leasehold tenants of business premises and is designed to protect them against unscrupulous landlords. It enacts that at the end of a lease the tenant shall have the right to compensation for improvements and goodwill, if displaced, or to an allowance for enhanced letting value if his lease is renewed on other terms, assessment in all cases to be made by a special tribunal. In many leases there are covenants forbidding structural alterations without the consent of the landlord. The landlord retains this power of veto, but the Act gives the tenant the right of appeal in all these matters to an independent tribunal specially set up for the purpose, while it also provides that in cases where landlord and tenant are so agreed and are prepared to have private arbitration between themselves, they can arbitrate outside the provisions of the tribunal. Good landlords are not penalised. The sole object of the Act is to remove grievances which have been felt by tenants for a great many years past, and which were often stock subjects for platform indignation among those whose aim was really rather to give pain to landlords than pleasure to tenants.

The Second Act I refer to is the Small Holdings

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and Allotments Act, 1926. Shortly summarised, the provisions of that Act impose on County Councils the duty of providing holdings for all suitable applicants, wherever they are in a position to do so without incurring a loss; and they may acquire the necessary land under compulsory powers. Where, on the other hand, the Councils find it impossible to provide such holdings at a reasonable economic rent the Government will come to their assistance and make good 75 per cent. of any annual loss that may be incurred. The man who procures an allotment under these provisions is also assisted to purchase it for himself on exceptionally easy and advantageous terms.

For we believe neither in Nationalisation, open or disguised, with its inevitable concomitants of salaried inspectors and interfering committees, nor in "latifundia" where vast estates tend to accumulate in the hands of a few great owners. The latter alternative, in view of the peculiar traditions of the English countryside, is the less injurious system in practice. But the most wholesome system of all is the holding of land by large numbers of small proprietors, each stimulated by the magic of property and each with his burdens lightened and his credit fortified through a benevolent and practical application of National resources by a sane and experienced Ministry.

## CHAPTER X

### INDIA

WHENEVER we speak of the British Empire, the name of India must come instantly to our lips. It is because he is the Sovereign of that vast and wonderful country that the King stamps "Imperator" on his coinage. In some parts of the world we have been merely traders, in others merely colonists, in others merely rulers. In India we have been all these things, and history will pronounce upon our capacity as an Imperial race mainly by reference to the part we have played in the story of this vast sub-continent (for it is no less), whose inhabitants number one-fifth of the human race, about 319 million souls in all, of whom some 247 millions live under British rule, and some 72 millions in the territories of the native princes,—independent rulers acknowledging the suzerainty of the British Crown.

This triangular sub-continent is larger than Europe without Russia. Within its boundaries, 2000 miles from north to south, and as much from east to west along the northern base, live at least

half a dozen races, who speak at least thirteen principal languages\* and almost innumerable lesser languages and dialects, and who profess at least eight principal different religions. Some 70 millions are Mussulmans; the majority of the residue belong to one or other of the various forms of Hinduism; and those are all subdivided again by the institution of "caste," which interposes rigid barriers between different sections, so that a man who belongs to one caste may not marry a woman of another.

No man, be it noted, can change his caste: if he is born a Brahman, a Brahman he will die, unless by defiling himself he loses all caste, a calamity worse than death. If he is born a leather-worker, in that degraded caste he will live and die, though no piece of leather ever passes through his hands.

So sacred is the Brahman that his life is one long religious ceremony, and the ritual which accompanies his cooking, his eating, his ablutions, is all about as elaborate as pontifical High Mass. He alone can perform most of the sacramental rites necessary to salvation in the Hindu system, and he may be ceremonially defiled by the mere proximity of certain castes. So low in the caste system as to be really outside it are the "untouchables"—

\* Sir George Grierson, the greatest authority, counts 179 languages and 554 dialects.

at least 25 millions of wretches who defile everyone they approach, and so, like lepers, must be excluded from highways, temples and fountains where other Hindus congregate. It is most important to remember that about 75 per cent. of the population is agricultural ; and hardly 8 per cent. could be called "literate," even in the widest sense of the word.

So deep, indeed, and so wide are the gulfs which divide races and creeds in India that it is no exaggeration to say there is far more difference between a Yussufzai Mussulman from the north-west frontier and a Brahman from Madras, in thought, in speech, in appearance, than between a Norwegian and a South American Spaniard.

It is therefore misleading to speak of "India" and "Indians," as though we had to deal with geographical and ethnical unities : there are many Indias and many Indian peoples.

These are the facts, yet "responsible self-government for India" is that which we are pledged, in due season, to bestow ; and already a considerable instalment has been granted.

Now so many pronouncements and pledges have been made by successive Governments, Conservative, Liberal, Coalition, Socialist, on this question that we are all more or less committed to a policy of advance, but none the less the Conservative mind, preferring, as always, to

deal with facts rather than theories, feels some doubt whether parliamentary institutions on Western lines, which even in the West seem in many countries to be discredited and unworkable, are likely to benefit India. The Socialist mind, on the other hand, is carried away, as always, by phrases about the wickedness of "Imperialism," the "exploitation of the Indian workers by the capitalist class," and the like. Wholly ignorant of India as it really is, the Socialist swallows with avidity any voluble nonsense which he gets from Indian extremist politicians, who are persons with quite an incredible facility for picking up political jargon, astoundingly fluent, utterly incompetent in action, and animated mainly by a desire to get rid of British authority in order that they may secure jobs in plenty for themselves and their friends.

In Indian affairs, as in so many other cases, the Liberals have played the game of the Socialists, and the Socialists have played the game of the Communists. These have now definitely marked India as the most vital and the most vulnerable point in the British Empire, which is the world's great bulwark against revolution.

Now from the days of Keir Hardie to the most recent example—Mr. Purcell—it has been the fashion for Socialist members to visit India. They spend a few months there, in the company, of course, of native malcontents and talkative

"intellectuals." Unable to speak a word of any Indian dialect, totally ignorant of the religions, customs, and habits of the different peoples, they have the impudence to publish reports, generally in sweeping condemnation of British rule, and presenting in lurid colours the misery of the oppressed Indian "workers," whom they advise to organise, to strike, and generally to emulate the reddest specimens of the Clyde or the Miners' Federation. They pass resolutions and forward fraternal messages to all the demagogues and agitators with whom they have consorted during their trips, and they have recently run a sort of bureau in London, mainly for the collection of grievances, the dangerous activities of which are reflected in the foolish questions they are continually firing at the Secretary in the House of Commons. All this, of course, has made no end of mischief and bitterness. Moscow, naturally, is delighted, and while sneering at and abusing them, gets a good crop from the fields they have been manuring. Lansbury, Thurtle, Scurr, Spoor, Maxton, Purell, Johnston, Fenner Brockway—all these have laboured to plough and to sow. To those who really know and love India, or a little piece of India (for that is about all a man *can* know in a lifetime), the thought of the harvest which may spring from their misguided labours is little less than a nightmare.

I have myself served in the Frontier Force, on the north-west frontier of India, and I can form some notion of the fate which will befall these superficial "Jabberwocks of the legal and literary type," their wives and daughters, if ever the strong hand of Britain is withdrawn from the barrier, and the path to loot and rape is opened to those fierce border tribes who think more of bullets than they do of ballots.

Meanwhile, how stands the case to-day? For at least twenty years past the fruits of education, on Western lines, which we have encouraged in India, have been an increasing demand on the part of the educated Indians—mostly lawyers and publicists of the intellectual and clerical castes for equality of citizenship and a responsible share in framing Government policy, and a strong Home Rule movement, largely organised by Mrs. Annie Besant, and generally known as "Swaraj," has grown up. In 1917, a literary gentleman called Curtis helped to popularise the phrase "responsible government," and Mr. Montagu, then Secretary of State for India, enthusiastically took it up. A good many impetuous declarations were made about that time.

"The policy of His Majesty's Government," Mr. Montagu declared, "with which the Govern-

ment of India are in complete accord, is that of the increasing association of Indians in every branch of the administration, and the gradual development of self-governing institutions, with a view to the progressive realisation of responsible government in India as an integral part of the British Empire. . . . I would add that progress in this policy can only be achieved by successive stages. The British Government or the Government of India, on whom the responsibility lies for the welfare and advancement of the Indian peoples, must be the judges of the time and measure of each advance, and they must be guided by the co-operation received from those upon whom new opportunities of service will thus be conferred, and by the extent to which it is found that confidence can be reposed in their sense of responsibility."

From this pledge Britain cannot recede.

I pause to remark that these promises, like several others made about that time, were supposed to be a sort of reward to Indians for their great services in the War. In fact, of course, nearly all the political Indians and their supporters come from castes, races and areas, which furnished no fighting men at all. Those, on the other hand, who shed their blood so freely for the Emperor and the "Sirkar," almost to a man detest the native politician and all he stands for. The reforms were definitely rather a punishment than

a reward for these brave and loyal friends of the fighting races.

In fulfilment of these pledges, however, the Government of India Act was passed in 1919, and must be briefly summarised. It gave the Provincial Councils a greater degree of independence by specifying the branches of administration which they and the Government of India respectively should control. It provided them with distinct and independent sources of revenue. It transformed them into bodies upon which the elected representatives are in a large majority over the official and nominated element. The total electorates now number some  $7\frac{1}{2}$  millions, and in the 1923 election probably less than 2 per cent. of these voted, though exact figures are not obtainable: and I believe the percentage was higher at the last election in 1926. Franchises vary considerably in different provinces, but the "communal franchise" is the foundation, and this is designed to give separate representation to races, communities, special interests and so forth. Mussulmans, for instance, elect Mussulmans, and Hindus Hindus. The Councils have control over and the right to withhold supply.

The Governor of the Province, with his Executive Council, administers what are known as the "reserved" subjects; and acting with his Ministers administers the "transferred" subjects.

Most important among the "transferred" subjects are local self-government, medical administration, public health, education, public works, agriculture, and excise. The "reserved" subjects are all "provincial" subjects which are not "transferred," such as law and justice, police and land revenue.

This division of powers is what is generally known as "Dyarchy," and it has been a great subject of controversy. How far these councillors who are elected by a fraction of about 4 per cent. of the population can be said to be truly representative of anybody or anything in particular, is a nice question, but certainly none of them can be described as representative of the great mass of agricultural peasants, who have not the least idea what it is all about.

The Act likewise made changes in the Central Government as well as in the Provincial Councils. The "Indian Legislature" is now composed of two Chambers.

1. *The Council of State*, or Upper Chamber, comprising sixty members, of whom thirty-four are elected, and twenty-six nominated. Of the nominated, not more than twenty may be officials.

2. *The Legislative Assembly*, the Lower Chamber, comprising 144 members, of whom

104 are elected, and forty nominated, including twenty-six officials.

In addition the Viceroy (Governor-General) has an Executive Council, all members of which must be members of one or other Chambers of the Indian Legislature.

The Indian Legislature has the same right of voting supplies as the provincial Councils possess ; but its powers are more restricted than the powers of provincial Councils, inasmuch as there has been no recognition of responsible government at the centre. The Executive Government of India remains responsible to the Secretary of State and Parliament. Neither is there any division of services into " reserved " and " transferred " subjects nor any question of government through " Ministers," as is the case with " transferred " subjects in provincial governments.

This is necessarily a meagre and inadequate outline of one of the most complicated and curious constitutions ever devised ; but a most important provision of the Act finally laid down that after ten years of trial, a statutory commission should be appointed to inquire into the working of the system and to report as to " whether it is desirable to establish the principle of responsible government, or to extend, modify, or restrict the degree of responsible government then existing in British

India." It was decided to appoint and send out this Commission (presided over by Sir John Simon) two years before its time; it paid a preliminary visit early in 1928, and it is now again in India taking evidence and hearing views in all parts and from all quarters. Most of the Indian "Swarajists" object to it because Indians are not represented upon it, and a great many of our own Socialists, as usual, sympathise with the "Swarajists." All sensible people, however, know quite well that the different interests, classes and races in India are so numerous that if they were all represented no hall in Europe would contain the Commission, while if only a few were represented there would be an indignant outcry from the others.

The "Swarajists" decided to "boycott" the Commission, and to organise hostile demonstrations, days of mourning and strikes at the principal stages of its progress. Like most of their ideas, these devices have only served to expose their own childishness and ineptitude. The Commission is being assisted by all in India that is sensible and practical, and is undoubtedly making both a wider and a more intensive study of Indian problems than has ever been made before.

I, for one, cannot but regret that such a survey was not made before, and as the basis of, any reforms—not ten years afterwards. Conserva-

tives are bound by the pledge to associate Indians more and more in the administration of the country, and to develop "self-governing institutions," but they do not and will not forget that the pace must depend, as even Mr. Montagu could see, on the amount of "co-operation" from those we invite to take their part, and the "sense of responsibility" they manifest. The Report of the Commission (representing all parties) is certain to be of great interest and importance, and to declare our policy before we receive it would be to imitate the folly of the Socialists, who have already promised "Dominion Status" forthwith, whatever the Commission may say. But I would earnestly say to those who are interested in this, the greatest of all our Imperial problems, do not, in the joy of constitution-mongering, forget realities, and above all remember :—

(i) That those Indians who are most clamorous for immediate independence, or "Dominion status," have shown *least* desire to co-operate in the reforms, and *least* sense of responsibility.

(ii) That where only about 8 per cent. of the population is even crudely educated or capable of voting, to talk of self-governing institutions in the near future is moonshine.

(iii) That the ancient antipathy between

Hindu and Mussulman shows no signs of disappearance. On the contrary, "Communal" riots have been more frequent and more serious than ever since the Reforms.

(iv) That the "untouchables" and other depressed classes look to the British Raj for protection, and contemplate with horror a régime where the Brahman (by virtue of his prestige and intelligence) will certainly be predominant.

(v) That a superficial mastery of political jargon and political procedure does not mean political capacity or common sense, as anybody may see by watching and hearing Mr. Saklatvala in and out of the House of Commons.

(vi) That to hand over the simple, silent masses of Indian peasants to be the subject of political experiment for town-bred lawyers and scribblers would be a much worse betrayal of our responsibilities and engagements than anything else could be.

(vii) That no amount of constitutional development will satisfy those who have listened to the abominable doctrines of the Maxtons and Purcells—only Revolution for *them* !

(viii) That the Socialists must, if they mean what they preach, establish in India the exact

contrary of all that generations of patient and conscientious officials have worked for : the exact contrary to *all* Indian traditions.

(ix) That the Indian Princes (with over 70 million subjects) have also their rights, under many treaties and pledges, and these hold firmly by the British connection and the British ideals as hitherto understood.

I have devoted some space to a treatment of this subject, however inadequate, for it is a matter which affects the destiny of countless human beings for whose well-being we cannot avoid responsibility : it is a matter which involves the honour and prestige of our race ; it is a matter which will be little enough discussed at the election, but which the election may, none the less, decide for good or ill.

## CHAPTER XI

### FOREIGN AFFAIRS AND DISARMAMENT

WE have all met the type of man who is certain that if you disagree with him you must be a fool : he is an exasperating fellow, but sweetness itself compared with another type of man who is certain that if you disagree with him you are a knave. Most Radicals and Socialists infuriate me by their tone much more than by their views ; and, I repeat, this tone is a hereditary characteristic which has come down to them from "Praise-God Barebones," and that seed of the elect who, on the whole, got less pleasure from contemplating their own assured salvation than the equally certain damnation of everybody else. There is no question on which they can be more insufferably sanctimonious than Foreign Affairs. "We alone," they manage to convey, by an indescribable air, "are seekers after peace and loving-kindness. You are malignants—men of blood, brawlers and swashbucklers, still hankering after wars and conquests." No doubt it cuts them to the heart to see an arch-malignant like Sir Austen

them the police, and behind them "all the King's horses and all the King's men." Here are real "sanctions," and obedience is inevitable. In the case of international law no such sanctions in fact exist. The League of Nations, for instance, has no force of its own: it has no armies, no navies of its own. The forces it must call upon to impose its "sanctions" and execute its decrees are those of the Great Powers, who will, in fact, be the parties to the suit! Treaties, conventions, pacts are, in a word, merely voluntary promises, voluntary renunciations, which depend for their fulfilment on nothing at all but the consciences of the nations who make them. It is therefore *moral force alone which tells in these matters*, and the League's moral influence must always be its great asset. To increase that moral force should obviously be our aim; and that will best be done by creating in the minds of men the idea that the League is a sober, sensible, practical affair, an institution you can trust to handle awkward situations tactfully and with reference to realities.

But League enthusiasts have been defeating their own object and stopping the growth of this confidence, by glorifying the League too much, and talking altogether too solemnly and pretentiously about it. As Mr. Punch observed, "The rattling of the olive branch" is getting on our nerves—and he might have added, "The

Dove of Peace is croaking too much." After all, we *are* the British Empire, and we find it hard, all in a trice, to form the habit of genuflecting and crossing ourselves at the mention of an Assemblage where so many of the representatives come from places that send us to consult an atlas to find where they are. High-sounding pacts and declarations are easily made by the likes of them. Was there not a story of the mice, who held a meeting in the stall of a cart-horse, and passed a resolution that "all the occupants of this stall shall refrain from stamping with their feet"? They carried it by a majority of several score to one against the cart-horse.

My generation, after all, remembers 1897. We remember the might, majesty, power and dominion of that Empire which we adored in the symbolic person of Victoria. We remember, too, the "Recessional,"

"Still stands thine ancient sacrifice,  
An humble and a contrite heart."

But people in our position must be treated with a little consideration, and it is one thing to own you are wrong to an equal who appeals to your chivalry, and quite another to be lectured, in pedantic tones, by an upstart who never had and never will have either your own reasons for pride or a comprehension of your own responsibilities.

Therefore I venture to utter to some folks the suggestion that Nelson's country and Victoria's Empire must be persuaded rather than bullied: especially because, as we know full well, if there really is a call for "sanctions" British money and British valour will be summoned, once again, to play the familiar part. And again, for I write frankly, there is a suspicion that the grandiose Temple of Peace at Geneva is rather too full of tea-cups, and typists, and clerks, and cranks, and chatterboxes. The peace of the world is not going to be secured by the efforts of anæmic stenographers and "long-haired fellers" (to quote Artemus Ward), and perambulating Chadbands with their unctuous allocutions. You have to persuade nations, who have ancestral tendencies to follow the drum or the pipes, to stop their ears to that wild summons: you have got to make us feel quite calm and critical when we look at the Black Prince's tomb, or read *Henry V*, or remember Macaulay's lines on Chatham, or gaze down on the sarcophagus at the Invalides, or go back to Rugby or Clifton Chapel. You have got to get the "joy of battle" out of the souls of men whose literature almost begins with the song of Brunanburh and the clash of swords! And the wrong people have been trying to do it in the wrong way. Truly I don't want my son to go through what I went through between 1914 and

1919, but I would sooner he had to do that than become like some of the creatures who keep urging me to protect him from it.

Now the Members of the League of Nations undertook by Article X of the Covenant :

“To respect and preserve as against external aggression the territorial integrity and existing political independence of all Members of the League. In case of any such aggression, the Council shall advise upon the means by which this obligation shall be fulfilled.”

Since that Covenant was signed various attempts have been made to render it more precise, and to express its rather vague obligations in a more definite way. In 1923 the Assembly of the League passed for consideration a “Draft Treaty of Mutual Assurance.” Mr. Ramsay MacDonald, then Prime Minister, in July 1924, wisely and properly rejected this Treaty, and one alone of the reasons he gave will suffice :

“It is the considered opinion of the British Naval Staff that a Treaty such as is proposed will, if properly carried out, necessitate an increase in the British naval forces.”

The object of the Treaty being to make Peace so secure that disarmament might be feasible, it appeared in fact to produce exactly the opposite effect.

At the next Assembly of the League in September 1924, on the motion of Mr. MacDonald and M. Herriot, Committees of the League were instructed to examine and report on the question of security and disarmament, and they eventually produced a "Protocol for the Pacific Settlement of International Disputes."

A protocol is "a preliminary memorandum, as of discussions and resolutions arrived at in negotiation, often signed by negotiators, as a basis for a final convention or treaty."

This particular protocol may be summarised as follows :—

- (i) All aggressive war is prohibited.
- (ii) All international disputes are to be submitted for settlement either to the Permanent Court of International Justice, to arbitrators, or to the League Council.
- (iii) All members of the League are to co-operate in bringing pressure to bear on any State which violates its undertaking to submit its dispute to such settlement and to comply with the verdict. The pressure ("sanctions") may take the form of "economic sanctions" or military or naval or air operations."

In 1925 the Conservative Government refused,

and the Dominions refused, to sign this document, much to the chagrin of Mr. Ramsay MacDonald, whose bantling it was. He has, by the way, a manner of pronouncing the word, indescribable but impressive. How is it that a Scot, by a mere burring of the "r" can make an Englishman feel that he is a sinful man and an unprofitable servant? He said "it would bring an inexhaustible harvest of blessing to Europe."

Mr. Lloyd George, on the other hand, with Welsh vividness declared it to be a "booby-trap for Great Britain, baited with arbitration."

Sir Austen Chamberlain has neither the richness of pronunciation nor the epigrammatic touch possessed by these other statesmen, but he told the Assembly of the League, on September 10, 1927, in plain English why the Protocol would not do when it was proposed that it should be considered once again. For, said he:—

"We have already taken all the obligations of the Covenant. We have done more. We were party to the negotiations at Locarno . . . to the Treaties which protect the frontiers of the West we gave our guarantee. . . . You ask us to do more. Could not some of you do as much before pressing us to go further? . . . You invite us to take for every country and for every frontier the guarantee which we have taken for one by Treaty. If you ask us that you ask us the impossible. Our strength, great as it may be, is not equal to

the task with which you would charge us . . . if we were to undertake in the present state of the world, and at this time such extensive obligations, we could not keep them. . . .”

Mr. Snowden, to do him justice, agreed with this :—

“ I do not attach great importance,” he wrote, “ to the enthusiasm shown by other nations for the Protocol. The reason for the support given to it by some of the European nations is quite obvious : they have little or nothing to contribute to its obligations, but a great deal to gain by securing the adhesion of Great Britain to its obligations.”

Quite so. He was acute enough to see the difference between the position of the cart-horse and that of the mice. For in the matter of the Protocol, to adopt that admirable fable, it was as though the mice had passed a resolution to the effect that “ all the occupants of this stall bind themselves to pull the wain up the hill to the hayfield when called on to do so.”

Yet, in spite of the fact that the considerations which induced Mr. MacDonald to reject the draft treaty of mutual assurance applied with equal, or even greater force, to the Protocol, and in spite of the opinions of Mr. Lloyd George, Mr. Snowden, Colonel Wedgwood and others, which were

all in favour of the course pursued by Sir Austen, its rejection has been widely used to show that the Conservative Government is not truly loyal to the League and prefers armaments to arbitration : and is still so used by Radical and Socialist rank and file.

I do not believe any attempt to strengthen the Covenant by adding new definitions and new obligations is likely to solve the question. We can best fill in the gaps it contains and give it force by the conclusion of agreements with other nations, such as the Locarno Treaties, made openly, under the auspices of, and with the co-operation of the League. Great Britain cannot, especially as America has refused to be a member of the League, consent to act as the world's policeman. These "economic sanctions," for example which mean blockade in more familiar language might easily bring about a clash between ourselves and the United States. But we can serve in "the force," and attend to our own beat, which is the Western Front of war days.

By the Treaty of Locarno, Great Britain, France, Italy and Belgium collectively and severally guaranteed the inviolability of the frontiers between Germany and France and Germany and Belgium. Our acceptance of this responsibility was indeed a great and practical contribution to the preservation of European peace, and was

acknowledged to be so by Mr. Lloyd George, Mr. MacDonald, Mr. Thomas, Lord Grey and even the *Daily Herald*.

And yet, on Radical-Socialist platforms, the old charges are repeated. "At home and abroad," say *I.L.P. Notes for Speakers*, "the record of the Tory Government is one of complete failure." Well, it was ever thus; for

"Destroy the fib or sophistry; in vain!—  
The creature's at his dirty work again."

Great Britain did more, however, and took the course which magnanimity and common sense both dictated. She made her guarantee conditional upon the admission of Germany to the League of Nations. Sir Austen smoothed away difficulties, allayed suspicions, accommodated rivalries, succeeded in his object, and (literally) won a blessing from the Socialist ex-Premier, who said at Hull, November 25, 1925:—

"He did not care which Party had got Germany into the League. He said to them 'Thank you and bless you for having done it.'"

Germany by a unanimous vote was admitted as a permanent member of the Council of the League on September 10, 1925.

Finally we have, in company with our Dominions, signed the Kellogg Pact for the "out-lawry" of war.

To be perfectly candid I cannot feel any great enthusiasm about this rather sensational declaration. It is only as an "instrument of policy" that war is renounced; for it would be patently absurd to deny that a nation may fight in self-defence. And, as a matter of historical fact, that plea is almost invariably put forward. There is hardly a German living to-day who has not been told, and does not believe, that his country was the victim of a plot to crush her in 1914. Still are historians debating the "Ems telegram" and the origin of the Franco-Prussian War. And, indeed, it may very well be that the aggressor is not he who fires the first shot.

Still with some people the ritual of making a vow, or signing a pledge fortifies good resolutions, and the world has been induced to declare solemnly and categorically that it will be a good little world from now, *in sæcula sæculorum*.

So may it be, but how strange it is that it goes on spending so much money on swords and guns in spite of all! And Mr. Kellogg's country has just embarked on a naval programme of unprecedented magnitude—in self-defence, of course.

Last night (February 28th) Sir Laming Worthington Evans pointed out that Great Britain was the only country which, in fact, was reducing her expenditure on the Army. The cost of our effective services has dropped, in five years, from

£36,250,000 to £32,330,000, a decline of 11 per cent. The expenditure of the U.S.A. has risen, during the same period, by £8,000,000 to £59,000,000; that of Italy by £10,000,000 to £28,000,000; that of Germany by £5,000,000 to £25,000,000; that of France by £24,000,000 to £58,000,000; that of Russia (Army, Air Force, and Navy) by £40,000,000 to £84,000,000.

Comparing 1914 with 1929, the Navy, Army, and Air Force now number only 282,300 as against 337,000 in 1914, when there was no Air Force to maintain. There is therefore a reduction of 54,000 men, or nearly 16 per cent. We had 704 warships when we went to war, of a total tonnage of over  $2\frac{1}{2}$  million tons; now we have 395 warships of less than  $1\frac{1}{2}$  million tons.

It is true that the total cost of all our Forces (pensions included) was then only £77 millions, whereas it is now (1929) about £112½ millions, but everything from bacon to battleships has gone up in price since those days, and these two sums in real value (using the League of Nations table for calculation) are approximately the same. The reason why we have to spend what is, after making allowance for changed values, the same sum for services so substantially reduced is because 50 per cent. of all this expenditure is attributable to pay, pensions, and superannuation allowances—and here there have been well-merited augmentations.

Naval pay, for example, is 150 per cent. higher, pay in the dockyards is 100 per cent. higher, and pension scales have been increased by about 150 per cent. likewise.

How can any reasonable critic affirm that this, in view of our imperial responsibilities, is a discreditable record? If conduct is better evidence of goodwill than protestations and proclamations, surely Great Britain has set a good example. And yet, it is said, we have jeopardised the progress of disarmament by two mistakes—first, by failing to agree with America at the Geneva Conference in June to August 1927, and secondly, by concluding a secret pact with France.

As a result of the Washington Conference in 1922, inaugurated by the American President, Great Britain, the United States, France, Italy and Japan signed a treaty by which they agreed to the limitation of two classes of warships :

(i) *Capital Ships*, defined as ships of more than 10,000 tons displacement, with guns of more than 8-inch calibre.

(ii) *Aircraft Carriers*, *i.e.* ships of more than 10,000 tons displacement constructed for the purpose of carrying aircraft.

It was further agreed that the maximum tonnage of capital ships should be 35,000 tons, with 16 inches as the maximum calibre of their guns,

while the maximum tonnage for aircraft-carriers was to be 27,000 tons, with a maximum gun-calibre of 8 inches. The proportion of capital ships allotted to Great Britain, the United States, and Japan respectively was 525,000, 525,000 and 315,000 tons, or, as it came to be known, the 5:5:3 formula. Here was indeed a notable advance in the practice of disarmament, and a term put to extravagant and senseless competition.

Once again, on the invitation of Mr. Coolidge, and subsequent to the first meeting of the League of Nations Preparatory Disarmament Commission, a Conference met at Geneva to discuss the limitation of naval armaments in the summer of 1927. France and Italy were unable to attend, and Great Britain, represented by Mr. Bridgeman, went to meet America and Japan, armed with proposals which, had they been accepted, would have eliminated much competitive building and saved the British Empire very considerable sums.

The principal proposals advanced by Mr. Bridgeman were :—

(a) The extension of the life of capital ships from twenty years (the period laid down by the Washington Treaty after which a ship might be replaced by a new one) to twenty-six years. This would have secured a reduc-

tion of the number of ships built by extending the age of their service.

(b) The reduction in the size of battle-ships from 35,000 tons to something less than 30,000 tons, and of the calibre of their guns from 16-inch to 13.5-inch.

(c) The reduction in the size of airship-carriers from 27,000 to 25,000 tons, and of their guns from 8-inch to 6-inch.

(d) Extension of the ratio agreed upon at the Washington Conference for capital ships, *i.e.*, 5 : 5 : 3, to cruisers of 10,000 tons carrying 8-inch guns.

(e) A limitation of 7500 tons and 6-inch guns to be placed on all future cruisers after the number of 10,000-ton cruisers had been decided upon.

(f) Limitation of destroyer leaders to 1750 tons and of destroyers to 1400 tons.

(g) Submarines — to be abolished altogether, if the other Powers agreed. (This was also one of our proposals at Washington.)

Mr. Bridgeman was undoubtedly justified in asserting that the British proposals would effect savings "far in excess of any other scheme before the Conference." But unluckily the Conference broke over the question of cruisers. At the Washington Conference in 1922 the only terms

adopted on this point were that cruisers could be built up to a maximum displacement of 10,000 tons, with guns of 8-inch calibre.

Now America feels that her needs require large cruisers of this class, and she desired freedom to build as many of these powerful vessels as she might consider necessary within the limit of a certain total tonnage—400,000 tons—for herself and for us. Broadly speaking, she requires size rather than numbers, and we require, for the protection of our vast trade routes and Imperial connections, numbers rather than size. We require a considerable police force.

Out of their allowed total of 400,000 tons the Americans proposed to allocate 250,000 tons to twenty-five of these great 10,000-ton cruisers: and to arm the residue with 8-inch guns instead of the 6-inch guns we desired. Had we followed suit it would have left us with 150,000 tons total remaining for the rest of the cruisers we required, and we could not have constructed as many as we wanted within the limit of that tonnage.

What was called "parity" between us could not be reached, because you cannot find a formula by which  $x$  large cruisers with 8-inch guns =  $y$  small cruisers with 6-inch guns. You might almost as well try to find how many machine guns equal six aeroplanes.

Nevertheless our suggestion to reduce the size of

battleships and extend their lifetime was a most important one, and why that should have been rejected by Japan and America is inexplicable. It would have meant a saving (over the period of replacement) of £50,000,000. And our further proposals to reduce the size of cruisers and arm them with the smaller gun would have effected an additional saving of about £1,000,000 per ship. We alone, let me add, entered the Conference with a complete and elaborated proposal.

Of course Radicals and Socialists must needs blame the Government; for the Government, on this occasion, while ardently desirous of easing competition and securing economies, yet spoke for England, and declared themselves bound by our Imperial needs. And is it not the creed of the Radical and the Socialist that England is always wrong? If any other people in the world—"from China to Peru"—make a declaration of the exalted sentiments which animate them and the humane objects which they pursue, it is positive impiety to question them. Their own nation alone, and those who represent it, are to be credited with the lowest motives, and their most solemn statements received with a smile of cynical incredulity. But while it is easy to broadcast accusations and insinuations at brotherhoods and Peace Societies, on the platform and in servile newspapers, it is not so simple a task to

grapple with Mr. Bridgeman across the floor of the House, and those who heard him on his defence will never forget how that defence developed into a counter-attack so vigorous and effective that his critics seemed visibly to diminish in stature and to fail in health as he proceeded.

So much for the Geneva Conference. The second count in this indictment was that the Government, secretly and in sinister wise, concluded a wicked agreement with France described by Mr. Lloyd George, in one of those American papers which he selects for the purpose of traducing his own country, as "either the clumsiest or the most pernicious diplomatic Act of modern times."

As it was said of the Holy Roman Empire that it was not holy, not Roman, and not an Empire, so it might be said of the Secret Pact that it was not secret and it was not a pact, but, to quote Lord Grey, who although a Liberal, happens to prefer truth to prejudice and the honour of his country to the dollars of American editors:—

"The discussions with the French Government were not devoted to a separate agreement between the two Powers, but to arriving at something between them which should be preliminary and lead to a general agreement. . . . There was no agreement. There was no treaty. It was a preliminary compromise between the two Govern-

ments which would depend upon whether other nations accepted it."

The whole business was so perfect a specimen of one of those mares' nests which Radical-Socialists are always discovering on account of their incurable disaffection towards England, and would have passed with so little excitement but for their ignorant and malicious triumph at their precious discovery, that I consider it superfluous to embark on a detailed examination and defence.

To sum up, I claim to have demonstrated that England has distinguished herself by a sober but effective loyalty to the League; that she has acted where others have prated; that her position in international affairs is one of increased prestige in consequence; that in money, in ships, and in personnel she has made reductions while the rest of the world has been spending more, enlisting more and building more; and that her proposals for disarmament have been both generous and practical.

Our efforts are not ended, but, for a time, suspended. America must consult her own needs and has the right to do so. We watch her, it may be with surprise, it may be with a little envy that her resources are so large, but with no inimical or suspicious eye. She is not building against us in any hostile sense, nor we against her. For we

believe the conscience of the American people, like our own, the interests of the American people, like our own, must be to maintain the peace of the world and the real freedom of the seas, for all those who pass over them "on their lawful occasions."

Yet our problems are peculiar to an island people, with vast dependencies in the uttermost parts of the earth, fed and nourished by sea-borne supplies, helpless and starving if those supplies for a few short weeks are cut off. Heavy, indeed, is the moral responsibility of those tawdry demagogues who point to our cruisers and tell the masses that they will thrive, and grow fat and enjoy larger doles if these vessels are suffered to rot and the white ensign is no longer discerned upon the highways of the ocean. The warning that Tennyson uttered in "The Fleet," some fifty years ago, is just as much needed to-day:—

"Her dauntless army scattered, and so small,  
Her island myriads fed from alien lands—  
The fleet of England is her all-in-all;  
Her fleet is in your hands,  
And in her fleet her Fate.

"You, you, that have the ordering of her fleet,  
If you should only compass her disgrace,  
When all men starve, the wild mob's million feet  
Will kick you from your place,  
But then too late, too late.

## CHAPTER XII

### RATING AND LOCAL GOVERNMENT REFORM

IN the long series of debates upon the question of Unemployment, innumerable reasons have been given for censuring the Conservative Government, but constructive suggestions for dealing with the problem have been meagre indeed. Socialists talk about "work or maintenance," by which they really mean maintenance, for they do not know how to find work. Mr. Lloyd George is quite confident that he can get rid of it all, without burdening the ratepayer, in a year—by setting the unemployed to work on road construction, land reclamation, and other works, and by shifting to the National Exchequer the burden of supporting the "able-bodied poor." Nobody denies that much work, necessary work, and indirectly remunerative work, can be done on roads. And Mr. Lloyd George says that for every million pounds you spend on them you employ 5000 men directly and indirectly. To absorb one million unemployed will therefore cost £200 millions. This simple calculation gives one pause.

The Conservative Party is convinced that such schemes, while useful palliatives, and possibly unavoidable palliatives, are not a radical cure.

It is an admitted fact that the great bulk of unemployment is attributable to the condition of small groups of industries, and those the most important of our national industries—which once held a supremacy in the world, and constituted the very foundation of our national prosperity. In mines, cotton, wool, iron-steel-shipbuilding-engineering (taken as one group), bleaching and dyeing, and metals the average rate of employment is 13 per cent. (in some cases 23 per cent.) as against an average rate throughout the country (including these groups) of 9·6 per cent. We assert that only one policy can strike at the roots of this disease—a policy which will assist these great basic trades to recover their former position, and will also help other productive industries to hold their own. I believe, personally—and always have believed—that we should tax foreign manufactured goods; and I am convinced that such a tax is not merely advisable, but essential, where an industry can prove that, through no lack of efficiency but through unfair competition, it is being ousted from the home market. Some day, I am convinced, the inexorable logic of facts will overthrow the Free Trade doctrinaires and this country will protect her own workers by tariffs,

as every other country of importance has long been used to do.

Safeguarding is an experiment which has already made some surprising converts and will make more. But up to now there has been no chance of applying it to any of these major industries ; for them we cannot at present lighten the load of foreign competition. Is there any other relief we can afford them ?

The greatest of all their other burdens is that of rates. When the famous statute of Queen Elizabeth was passed, which is still the foundation of our rating system, the ability of an "inhabitant" to contribute to the relief of the local poor could be estimated, not unfairly, by the value of the land or the buildings he occupied. And moreover the relief of the poor alone was the function of the Elizabethan overseers. But enormous changes have taken place since then, and the Local Authority of to-day has to levy rates for a multiplicity of objects and administer a great variety of services, which would have astounded the draftsman of that Act, who perhaps witnessed the first performance of a *Midsummer Night's Dream*. From how few of these does the owner of a factory derive much direct benefit ? None the less, he has to pay for them ; and his ability to do so is based on the "rateable value" of his land and premises, which, in fact, are no criterion

of ability to pay. For rates, unlike taxes, are a first charge and must be paid regardless of profits, by the man who is losing as well as by the man who is earning, while taxes, of course, are not paid until profits have been earned with which to pay them.

Rates, then, are a first charge on production; and when we rate factories and the machinery in factories we are, in effect, taxing the tools and implements of a workman's trade—a principle admittedly vicious and uneconomic. And these burdens have a cumulative effect, for each industry utilises the products of other industries, the cost of which has been increased by the incidence of rates. Steel affords a good example, for the steel manufacturer must use coal, which is rated, iron ore, which is rated, and pig-iron, which is rated, before the steel is produced. The cumulative weight upon a ton of steel is sufficient so to add to the cost of production, and therefore of the price, that our ability to secure contracts abroad (and at home) is gravely impaired. Moreover, since rates bear no relation to profits it is generally upon those industries least able to bear it that the weight is imposed. A year ago, for instance, practically every colliery district showed a net loss on working, nevertheless the coal industry had to contribute about £3½ million in rates.

Then, again, these heavy basic industries have

been most seriously affected by the economic catastrophe of the war: they employ the largest proportion of the working population; they are the staple of the country's export trade; they are most exposed to foreign competition; they feel most acutely increased charges for transport, which are partly due to increased wages in the sheltered transport trades.

And so these great industries sicken and droop, and the workers are thrown on the "dole" or on poor relief, and the rates are increased to pay for that relief, and again that falls on the already debilitated industry, and more workers are out—and so *da capo* till irretrievable ruin will result.

Before the war, it may be noted, the total amount levied in rates had reached the total of £79 millions. In 1927, when we were so much less able to bear it, it touched the colossal figure of £175 millions. The average rate in the pound of assessable value has risen from 6s. 8 $\frac{3}{4}$ d. to 12s. 5 $\frac{1}{2}$ d. What sane man can deny that to lift 75 per cent. of its burden of rates from productive industry is bound, by lowering charges, to stimulate production, reduce prices, attract business, and afford more employment in the basic industries particularly?

In fact no sane man does deny it; but an Opposition (especially when barren of practical ideas and enervated by the practice of dole-

distributing) must have some objection, and they have discovered that prosperous industries—silk, breweries, tobacco-factories will also share the relief. Breweries afford them much food for clap-trap on their platforms. They might, of course, with equal force cite the case of the cocoa trade, also prosperous and also entitled to its share. But cocoa is a Radical free-trade beverage, and therefore sacrosanct.

The fact is that you can define productive industry, and you can draw a line between that, on the one hand, and distributive trades and dwelling-houses on the other hand. But to separate prosperous from unprosperous concerns or groups of concerns within the category of productive industry is beyond human ingenuity. Even if it could be done, it would establish a canon so fluctuating and uncertain as to be unworkable.

But really the point is of little practical importance, however serviceable in controversy. The Chancellor of the Exchequer gave a set of figures to show how relief will be distributed, based on income-tax statistics and referring to fifteen industrial groups which covered the whole field of productive industry except transport, public utility and agriculture. In these fifteen were the six groups to which I have already referred. They may be called the "depressed" groups, and besides accounting for the bulk of unemployment

industry and agriculture will further benefit by the relief given to railways and transport undertakings. These secure the relief on condition that they pass on that benefit (about £4 million) by way of reduced charges on the carriage of goods; and again, in order that the advantage may be concentrated where it is most required, the charges so reduced will be limited to the carriage of certain agricultural products, coal, coke, mining timber, iron and manganese ores, and limestone for blast furnaces and steel works.

Transport charges, vastly increased in recent years, press with peculiar severity on the "depressed" groups.

This part of the scheme is already in operation; but the whole scheme cannot come into operation till the autumn of this year, simply because a fund has got to be collected against its inception, and that fund will be mainly produced by the duty on imported oils (4*d.* per gallon) which was imposed by the last Finance Act.

I have now outlined the case (it is not possible to do more) for that part of the Government's scheme which is directed to the relief of industry. But, as everybody knows, that part is conjoined with another part for the reform and reorganisation of Local Government. Everybody does not seem to understand, however, that this reorganisation is an unavoidable consequence of

derating, which, by taking a large quantity of rateable property out of assessment altogether, will reduce the amount in any given area upon which rates can be levied—in some areas, of course, to a larger degree than in others. In an extreme case it may be that a rating authority will find it has lost 60 per cent. of its assessable material. Now for the rates it has actually lost it will be compensated by State grants, but if, in the future, it has to undertake any increased expenditure it will have to rely on the remaining 40 per cent. In other words, it will have to levy on that 40 per cent. 2s. 6d. in the pound to obtain the equivalent yield of 1s. in the pound to-day, levied on the whole 100 per cent. In many areas, especially in rural areas, existing inequalities would consequently be intensified. The burden, therefore, must clearly be more widely distributed.

This consideration alone necessitates Local Government reform. But, quite apart from this, there are a great many reasons for Mr. Chamberlain's magnificent measure.

Since 1894, when the Act was passed which created rural and urban district councils—that is, thirty-four years ago—no serious attempt has been made to solve the growing number of problems, presented by changing conditions, in this sphere of legislation. Yet a few facts will demonstrate how astounding the change has been.

## CHAPTER XIII

### RATING AND LOCAL GOVERNMENT REFORM (continued)

THE system of administering the Poor Law through Boards of Guardians affords an example of the waste, inefficiency, overlapping of functions, and confusion of accounts consequent upon maintaining an obsolete system. Of all local charges those for the Poor Law fluctuate most violently, and they fall upon areas so small that from time to time they become intolerable, and especially, of course, in those areas which are suffering from industrial depression and are least able to support them. The inequalities are glaring. Examples given by Mr. Chamberlain to the House of Commons show that in Blackpool the poundage of the poor rate was 5*d.* and in Gateshead 10*s.* 5*d.* Both these are county boroughs, but the one is affluent and the other starving. Non-county boroughs and rural unions display similar discrepancies. *These inequalities, I have already pointed out, will be increased rather than diminished if derating is not accompanied by reorganisation.* Both the Royal Commission on the

Poor Law of 1909 and the " Maclean " Committee on Local Government of 1917 recommended the abolition of the Guardians and the transference of their functions to County Councils and County Borough Councils—a recommendation which is repeated, in rather different form, in the great Liberal " Yellow Book," at pp. 446-7 :—

" The evils arising from the unequal distribution of the burden of rates could be sensibly diminished by increasing the rating area in the case of most of the social services to an area not less than that of a county or borough."

This transference is actually effected by the Local Government Bill ; and besides easing the pressure of Poor Law charges, by spreading them over the wider areas, it will have a further beneficial result of the greatest importance. When for the numerous Boards of Guardians there is substituted a single Health Authority in a wider area, it will be possible for that Authority to survey and to re-group, the various institutions and their inmates under its control. At present one Poor Law area may have more and better accommodation than it needs ; the next has not enough. Since each small area is a separate and distinct entity, it often has to pack into one institution the most amazing and incongruous sets of inmates—the senile, the tuberculous, the

epileptic, the parturient, the infant, and the idiot, all together ! Within the larger area it will be possible to sort them out, and by concentrating, say, on tuberculous cases in one institution, and mental cases in another, to secure within the county the best treatment, the best equipment and the best staffs.

Of course there has been a good deal of heart-burning—not unnatural—over the passing of the Guardians, and opponents of the Bill complain that the County Council will not have the local experience and the personal knowledge that have made the Guardians so valuable. There is, however, no substance in the point ; since the Bill provides for the division and subdivision of County areas into districts, in each of which a “ Guardians Committee ” (some members of which *must* be women) will continue to assist with local supervision and advice. It is to be hoped and expected that existing Guardians will continue to put their services at the disposal of the public by serving on these bodies.

So much for Poor Law questions. The other service in which the greatest fluctuations and inequalities are to be seen is the administration of highways. In the last quarter of a century the average expenditure of local authorities per mile of road has increased from £60 to £160. The development of modern transport is, of course,

the obvious explanation of this. At present small areas, with sparse population and little rateable value, frequently find their responsibilities for the maintenance of roads absolutely crushing. Within one and the same county the road rates may vary from 2s. in the pound in one district to 10s. or more in another.

As in the case of the Poor Law, the obvious remedy is to enlarge the area of charge, and the Bill therefore proposes to make the County Council responsible for all highways in rural districts and all classified roads in urban districts and non-county boroughs. Thus, within the county area, the urban district and the rural district will help to bear one another's burdens in future; for it is, generally speaking, the Poor Law charges that oppress urban centres, and the highway charges from which rural neighbourhoods suffer most severely. Without going into further detail on the proposals touching the highway administration, I must now approach another and very cogent reason for Local Government reform. The relations between local and national finance are sorely in need of readjustment. To begin with, the grants which the national exchequer makes to assist local authorities are insufficient for their requirements to-day; and the reason is that these grants were fixed on bases which have long become out of date—some twenty, some thirty, some forty years ago.

It may be imagined that proportions which were then fair enough, as between national contributions and local expenditure, are now positively ridiculous. These grants amount in all to about £16½ millions per annum, including grants, amounting to about £4 millions a year, given in aid of health services. In the case of these latter grants the basis is not *obsolete*, but it is *wrong*. It is a "percentage" basis, which means that when a local authority chooses to spend, or is able to spend (mark the distinction) a pound on local health services, the Exchequer puts down another pound beside that. One would say, *a priori*, that this basis, for this particular purpose, at any rate, is an unjust basis; for clearly the more pounds a local authority has to spend, the more it will get from the Exchequer: thus the *rich* are filled with good things and the *hungry* are sent empty away!

Southport, for example, is a wealthy seaside resort, and it draws from the Exchequer a grant of 63*d.* per head of its population towards the cost of the various services affected, while Middlesbrough, sorely in need but unable to raise the money, receives only 26*d.* per head. Oxford gets 102*d.*; Merthyr 44*d.* Pages could be filled with a tabulation of such contrasts, startling and indefensible: and, in a word, the ascertained facts support the *a priori* view, that the percentage

basis is wrong. This is now to be changed, and in future we shall make our national contributions not on the basis of what a locality *spends*, but on what a locality *needs*—according to the correct version of the “Magnificat.”

How are those needs to be ascertained? What constitutes a needy or necessitous area? Experience provides the test, and experience teaches us that we can best determine the relative needs of different areas by taking into account the following five factors :—

- (i) The total population of the area.
- (ii) Rateable value per head—an obvious index of the relative wealth or poverty of the aforesaid population.
- (iii) Number of young children in proportion to the population. Where there is an unusual number your local expenses will be heavier; and as a matter of experience it is found to be a sure indication of poverty. The poor are prolific.
- (iv) Degree of unemployment—another obvious factor to be taken into account.
- (v) In rural areas, sparsity of population: ten people per mile of road, for instance, have to pay twice as much per head as twenty would do for repairing that mile, and consequently are in greater need of assistance.

These are the factors, and nobody has suggested any better practical test. But the method of applying the factors, the "formula" for working the equations, is bound to be intricate. It is also quite unnecessary to master the details of it so long as you understand the principle. The treasurers of local authorities, of course, must master this "formula," and apply it to their own cases, and compare their results with those arrived at by the Ministry of Health officials, and consider whether those results are fair to their particular areas. But the rest of us (thank goodness !) only need to grasp the principle, which is this. The grants will be made, not as "percentage" grants, but as fixed "block" grants, on a basis of so many pence per head to the particular area—county or county borough, as the case may be. Now suppose the actual population of a county borough to be 100,000. We shall add to that figure so many people to make up for aggravated unemployment—say 5000 (I am using quite arbitrary figures)—and so many more again for unusually large numbers of young children—say 3000 more—and so on, adding more to the population in respect of each of the five factors where these factors are found to be applicable. So that the actual population of our county borough, 100,000, will be increased to an artificial figure of, say, 150,000 when all the factors have been taken into account. This artificial figure

is called the "weighted" population, and our borough consequently will get one and a half times as much as another borough of 100,000 population gets where none of the factors is present. Expressed in another way, of course, this means that the grant per head of *actual* population is increased in the case of the poor area. My figures, of course, are quite absurd; but the actual "formula" in the Bill, though "tricky," is not absurd. It has been exposed to the most searching criticism, but still holds the field as the best way of distributing these grants equitably and according to real needs.

Now if the main reason for the Local Government Bill is that some places are too heavily charged and others are not charged enough, and some are getting too much and some are getting too little, it follows quite plainly that there will be losers as well as gainers when the new distribution according to the "formula" comes into play. I really apologise for displaying such as "plain perception of the obvious," but so fatuous are some critics of the Bill that they denounce as a defect what is, *ex hypothesi*, one of its chief merits.

But though some localities will lose (through fairer distribution), yet the country as a whole will actually receive much more money from the Exchequer grant than it will lose through the de-rating provisions and the withdrawal of the

existing grants. De-rating will cost the local authorities about £24 millions—that is the sum which industry will be relieved from paying to them in future. We begin with that; and some thoughtless critics have asserted that we should stop with that. “Very well,” they say, “relieve industry: pay back your £24 millions to make good the loss; and don’t complicate the business with these Local Government intricacies.” I have anticipated this objection, for I have already explained, and I hope clearly, why de-rating *must* be accompanied by reform. I have shown the reason for “scrapping” the existing Exchequer grants; I have given reasons for preferring the fixed “block” grant to the “percentage” grant for public health services. What, then, are to be our actual financial arrangements? It is proposed to form a sort of pool, consisting of:—

(A) £24 millions, to cover loss to local authorities through de-rating.

(B) £16½ millions, representing the existing Exchequer grants to be withdrawn.

(C) £5 millions, “new money” from the Treasury.

This gives a total of £45½ millions, to be distributed each year to the counties (or county boroughs) in “block” grants from the Exchequer, of so many pence per head.

In order, moreover, to give certain guarantees against loss (which I will soon explain) the Exchequer will make, in addition, special grants for five years of about £2½ millions per annum. Thus local authorities will lose £40½ millions per annum, and receive nearly £48 millions in return; in other words, owing to the "new money" local authorities will receive in the next seven years about £51 millions, which they have never yet had from *any* source.

One would naturally expect, if the *whole* county gains, that most of the areas therein would gain; and so they will, quite apart from any special grants, as Mr. Chamberlain pointed out on second reading.

"Out of sixty-two counties, fifty-five will gain, and only seven will require their rate losses to be made good by a grant specially designed for the purpose.

"Out of eighty-two county boroughs, seventy-one will gain, and only eleven will require the grant."

But special grants, as I have just pointed out, are in fact provided in order to furnish guarantees against loss. These guarantees have been considerably modified since the scheme was originally introduced, and the effect of them now is as follows :—

(i) Every county and county borough will be guaranteed a *gain* of at least 1s. per head of its population *for all time*.

(ii) Every district within a county, and every non-county borough, will be guaranteed against any increases in rate poundage by reason of the scheme for the *first five years*. Any necessary adjustments will then be spread at the rate of one-fifteenth each year over a period of fourteen years.

These guarantees remove all fears that counties or county boroughs may have entertained: they cannot, *by reason of the Bill*, ever be any worse off. As for districts and non-county boroughs, no weight can fall on them for five years, and then it will descend so gradually that not till nineteen years from now will the last ounce be imposed.

Furthermore, if we were to begin at once to distribute the whole of our pool according to the "formula," the redistribution of grants would be felt as rather a sudden and violent change. In order to avoid this we shall for each year during seven years to come pay only 25 per cent. of our grant on the "formula" basis and 75 per cent. on the basis of actual loss on rates and old grants. At the end of that time—1937—the whole scheme will be reviewed in the light of the experience gained.

For the next five years it is proposed to distribute half the block grant on the "formula" basis, and half on the basis of actual loss of rates and old grants. Then, for another five years it will be 75 per cent. on "formula" basis, and 25 per cent. on "actual loss" basis.

These periods cover seventeen years, and bring us to 1947, and then, it is anticipated, the *whole* of the pool may be distributed, on the "block" grant system, in accordance with the "formula," and produce a really equitable allocation of the National contribution.

Finally, before leaving the finance of the scheme, I must add that there are to be periodical revisions—five-yearly surveys—of the position. The grant will be recalculated to meet changes that may have taken place in the "factors"; and, moreover, if the *total* expenditure of the country in rates and grants is found, upon the periodical survey, to have increased, the *total* grant will be increased in proportion.

With some of the objections made to this great measure I have already briefly attempted to deal. There are two more (among a considerable number) which demand a brief notice. According to some critics, maternity and child welfare services will be adversely affected by the substitution of the "block" grant system for the "percentage" grant system. I quoted, in a previous chapter,

Mr. Carthill's penetrating observation that Liberals (and Socialists should be added) are extremely expert in "the exploitation of pity as a political asset." Truer words were never spoken. No matter what the political drama of the day may be, you may be absolutely sure that they will contrive to insert at least one scene where the wicked Conservative may be seen driving out into the darkness and the snow the afflicted "Mothorr and horr cheeild."

If we were to put a tax on rubber they would accuse us of plucking the dummies from the lips of the worker's baby! That is the main reason for this particular attack. I have examined, with some care, the reasons given for these gloomy prognostications. Every single one appears to be based on a misrepresentation of the Bill, or the facts, or both.

One thing I cannot discover—how those who are now trying to advertise themselves as champions of these services can be content with the present percentage system. Mr. Chamberlain gave some examples of its absurdities on the second reading of the Bill. Tynemouth, for instance, very much depressed, receives to-day a State grant for maternity and child welfare services equivalent to 3·8*d.* per head of its population. Eastbourne, an exceptionally prosperous town, receives a grant equivalent to 9½*d.* Merthyr gets £4500 for health

services ; and Southport, with far fewer young children, £8000 a year. All the depressed areas will receive such large increases in their total grants under the new scheme that they will be able, in nearly every case, if not in all, to spend much larger sums on maternity and child welfare services, *without increasing their rates at all.*

Moreover, the Minister will in future have powers which at present he does not possess, by which he will be able practically to compel unwilling local authorities to do their duty in this sphere.

The second objection is not really an objection : it is a very futile alternative suggested by the Liberals, to which I have already alluded. They seriously suggest that a better method of assisting depressed industry and necessitous local authorities than the Conservative plan would be to transfer the cost of relieving the able-bodied unemployed from the rates to the Exchequer. From a very large number of reasons which have been given to demonstrate the folly of this proposal I select the four following :—

(i) The total amount of money involved in it is less than £7 millions : and of that total only a fraction would go to the benefit of industry.

(ii) It would remove none of those grave

defects and anomalies in present local government administration which I have outlined, and would give no help at all to rural areas.

(iii) It would be grossly unequal in its operation : for example, Sheffield would get a relief of one-seventh of its rates, Newcastle of one-sixth, Middlesborough of one-tenth, Merthyr of one-fourteenth, Bolton of one thirty-second, Birmingham of one thirty-sixth.

(iv) Local authorities would still remain responsible for *indoor* relief and for the relief of the able-bodied poor in the event of *sickness*. Consider the administrative complications, the overlapping of duties, and the waste of money involved in maintaining, as we would now have to maintain two separate organisations for the two spheres of relief work.

I said Liberals "*seriously*" suggested this alternative; but on reflection I withdraw the word : I believe their spirit to be jocular.

I am deeply sensible of the imperfections, the omissions, the obscurities in this attempt of mine to compress within the limits of two chapters the reasons for, and the provisions of, and the objections to a Bill which comprises 130 clauses and twelve schedules and occupies 177 printed pages.

Quite a number of explanatory leaflets and booklets of value have been issued ; but the best exposition of all is still that amazing speech of Mr. Neville Chamberlain on the second reading of the Bill on Monday, November 26, 1928. Since then concessions have been given and amendments made, but that speech remains the most masterly and lucid statement of the general case.

It really crushed and crumpled the opposition before they began to oppose. It was, and in my opinion is, unanswerable. And I am persuaded that its author will be justified in his expectations, that industry *will* receive a stimulus, that the machinery of Local Government *will* run more smoothly and efficiently, and that the irrigant streams of national bounty *will* be directed into the most useful channels.

If so, whatever the effect upon votes at this election may be, posterity will have yet one more reason (and there are already many) for blessing the name of Chamberlain.

## CHAPTER XIV

### THE TEMPERANCE QUESTION

“ WHEREVER the Puritans have been sufficiently powerful, as in New England, and in Great Britain at the time of the Commonwealth, they have endeavoured with considerable success to put down all public, and nearly all private amusements . . . it is by no means impossible that persons of these sentiments may at some time or other command a majority in Parliament. How will the remaining portion of the community like to have the amusements that shall be permitted to them regulated by the religious and moral sentiments of the stricter Calvinists and Methodists? Would they not, with considerable peremptoriness, desire these intrusively pious members of society to mind their own business? This is precisely what should be said to every Government and every public, who have the pretension that no person shall enjoy any pleasure which they think wrong.”

So wrote John Stuart Mill in his “ Essay on Liberty,” and I applaud his admirable sentiments. As I have pointed out, however, Liberals and Socialists are political descendants of these old

puritans, and still, as Macaulay said of their ancestors, have that sour streak in them which made their ancestors "object to bear-baiting, not so much because it gave pain to the bear as because it gave pleasure to the spectators."

This trait of theirs is particularly conspicuous in their attitude to the question of "temperance." No man in his senses attempts to minimise the disasters and distresses which result from the abuse of alcoholic liquors. But if we are to be told that whenever men are shown to injure themselves by abusing any article, the consumption of that article is to be prohibited, we shall have a formidable list of prohibitions to expect—beginning, undoubtedly with tobacco. The principle is the same, the arguments are similar. "Here is a poison," it will be urged, "for nicotine, like alcohol, is a poison." That is the first argument, and upon that one pauses to remark that, in truth, people do not really drink *alcohol* when they drink beer, any more than a man swallows *nicotine* when he smokes. He *does* consume some alcohol, and he *does* absorb some nicotine, no doubt, but the strength of the dose and the form in which it is taken make a great difference to the effects, as every sane person knows. Then the argument proceeds: "Innumerable people damage their nerves and their hearts by excessive smoking; young people stunt their growth; besides, it is whole-

unnecessary and a sheer waste of money. Look at the enormous sums which vanish in smoke (like the enormous sums spent on drink) which might be spent on boots and food ; consider how many acres might be used for the production of real foods, which are now used for the cultivation of this pernicious narcotic."

These are not imaginary arguments, they are constantly employed in America, by the very same groups that secured prohibition, and have resulted already in various local restrictions on the sale and consumption of tobacco.

What ghastly degenerates we should all be, by the way, if these pseudo-scientists who describe alcohol, in all forms, as poison were right ; for certainly mankind has consumed intoxicating liquors since the days of the Pharaohs (and before), and, strangely enough, the races which have been the heaviest consumers have also been the most vigorous, enlightened, and successful. Are the Mohammedan peoples the most virtuous and progressive in the world ? Hardly so ; yet they *ought* to be, in view of the fact that their religion has, for a thousand years, debarred them from the use of alcoholic drink. "Prohibition," said Mill, in another passage, "is only suitable for children or savages." And indeed it is very largely because so many Americans drank like children or savages, that Prohibition won the

day in the States. The "saloon" was a sordid place as a rule; it encouraged excess; in the wilder parts of the States those who used it were wild and lawless men, not only in their drinking habits, but in all their habits. The negro, too, in the Southern States has tendencies which make him an object of fear, and, for all his veneer of civilisation, is more than half a savage. Drink maddens him and releases ancestral African devils lurking in his soul.

But Europeans, on the whole, long inured to the use of alcoholic drinks, and accustomed, on the whole, to consume them in milder forms and in surroundings rather convivial than degrading, do not require to be treated as though they were cowboys, miners from Dead Man's Gulch, or the grandchildren of cannibals and witch-doctors. Those who abuse drink in England are mainly the inhabitants of very poor and squalid neighbourhoods; and their surroundings tend to make them savage. The way to cure that, however, is not to deprive the rest of the community of its age-long freedom, but to elevate and improve the life and surroundings of the poor so that they may learn to enjoy their freedom with equal self-respect and self-control.

It is noticeable that the most striking change has occurred in the habits of the wealthier classes in England during the last hundred years; and it is

equally noticeable that with those classes no legislature has ever attempted to interfere. If people seldom get intoxicated in "decent society" to-day, it is simply due to the formation of a strong public opinion on the matter in that Society itself. This opinion is permeating all classes, and no doubt the provision of innumerable forms of entertainments, the cinema, the wireless, the growth of organised athletics—all these things relieve the tedium of life, while the higher standard of education produces increased self-respect. Therefore there is, every year, less need for compulsory restrictions.

These views are so generally accepted nowadays that I apologise for repeating them; but to show that my optimism is justified, I venture to cite one or two passages from the remarks made by magistrates at the Licensing Sessions now in progress (February 1929).

At *Leeds*, the Chairman of the Bench observed :

*" Those who were old enough to remember drinking conditions before the War realised that, compared with those conditions, we were living in a new state of society, in which the more offensive and degrading aspects of drinking were not nearly so blatant and apparent as they once were. Public opinion no longer applauded the man who drank to excess ; it did not even tolerate him. On the other side, Mr. Foster mentioned that the nation's drink bill was only*

*a hundred million pounds less than the cost of the unemployment benefit for the last eight years."*

I have cited the whole passage, because Mr. Foster's remark about the drink bill, though very commonly made, appears to me to be so irrelevant. It is an obsession with so-called Temperance Reformers; and I see Mr. Lloyd George says it is one of the things Liberalism must clear away. My comments on the point are as follows :—

(i) About 50 per cent. of it represents taxation; and therefore must have provided a great part of the cost of unemployment benefit for the last eight years.

(ii) It does not necessarily mean that sobriety is not increasing, because (a) prices are higher and (b) eight people (say) drinking in moderation spend as much as two people (say) drinking to excess. If every human being drank a little and nobody too much, complete sobriety might well be achieved with an undiminished drink bill.

(iii) If it does mean excessive consumption, the way to reduce is as I have indicated, and not by silly restrictions.

(iv) If it is wicked to consume beer and wine, then prohibition alone is the way to get rid of the drink bill. But if it is not wicked, you have no more right to stop a man spend-

ing his money on a pint of ale than on a pound of tobacco, or a bottle of "pop." The bill for those commodities must also be enormous. They too are certainly not necessities.

In short, you must admit that a man has a right to spend his money as he pleases, unless you take the prohibitionist view and make an exception with regard to alcoholic drinks. Therefore, either prohibit the sale and consumption of drink as immoral, or stop talking nonsense about the drink bill.

*"Liverpool," said the Chairman, "afforded a striking testimony of sobriety, especially as police vigilance was maintained as formerly. The causes of the decrease (in drunkenness) were many. Among others there was the continued trade depression and the high price of liquor, greater education, more healthy recreation and entertainment, and a wider outlook."*

I could reproduce these remarks from a great number of other cities, but I content myself with one more example—from a country district—Kingston.

The Chairman remarked that

*"Last year there were only thirteen convictions for drunkenness in a population of more than 25,000, and several of these concerned people not resident in the district. The Bench hoped that the diminution*

*was due to the spread of education and higher conditions of life. If that were true, it showed that they were on the track of a better method of improving the sobriety of the Country than those short cuts such as prohibition or other such drastic legislation as had been seen on the other side of the Atlantic, with qualified success. The Bench hoped that the whole of the licensees in the Division would adapt themselves to the requirements of the new class of customer who had a high degree of intelligence and a higher idea of the proper conditions of life."*

The last sentence induces me to digress once again, and point out that the "new class of customer" rightly demands a new class of public-house, and his needs are being largely met by many brewers who have inaugurated the movement for the "improved public-house," where, besides the provision of drink, really good catering is offered, and recreations and amenities of other kinds, in airy, spacious, wholesome, modern premises, in which the whole atmosphere is different, where men can take their wives and families for an evening's enjoyment and where there is little if any of what a friend of mine called "perpendicular drinking."

My experience convinces me that the chief obstacle in the past to the improvement of public-houses was not the avarice of owners, but the curiously ill-advised and narrow-minded policy

of many licensing magistrates, who invariably put difficulties in the way of such proposals—apparently with the idea that more attractive premises would conduce to more drinking, or with the view of keeping public-houses low and dirty in order to have an excuse for abolishing them. Saner views, however, have latterly prevailed; and considerable importance is attached by magistrates to the provision of food, to space and airiness, and other amenities.

The observations of the Chairman of the Birmingham Bench this year are in point.

*"It had been suggested," he remarked, "that public-houses were being made too attractive, and consequently there was a danger that this would lead to more drinking. For himself he felt very certain there was less danger of excessive drinking in these new houses than in the small crowded and congested 'snugs' to be met with in the centre of the City."*

Birmingham, it may be noted, has now about 150 houses of the new type, some of which are strikingly handsome, well-designed, and commodious. The word that made America (technically) dry was the word "saloon"; the further away we can get from the "saloon" type of house in England, and the more we can approximate to the continental café, the restaurant, and the genuine inn, the less will be the danger of

Prohibition. I do not propose to discuss at any length the furiously debated question of Prohibition in America. Personally I believe it to be a failure in its present form ; but beyond all dispute there is a very large proportion of the American people opposed to it ; there is a mass of evidence against its claims to be a success ; and it has not yet been long enough in operation for us to say with any confidence what the net gains and losses may be.

But I am certain that a referendum on the subject in this country would disclose an overwhelming majority in favour of the views I hold, and for the reasons I have given, as against any such policy.

Russia, Esthonia, Iceland, Alberta, Ontario, Manitoba, Norway, Newfoundland, Saskatchewan, British Columbia, Quebec, Turkey, New Brunswick—in that chronological order—embraced prohibition between 1914 and 1920, and all have abandoned it—mostly substituting some form of State control. New Zealand has had four polls on the question, in 1919, 1923, 1925 and 1928, and on each occasion the majority against it has increased.

So that, in my opinion, the Prohibition movement, which reached its zenith towards the latter days of the War and just after, has since then definitely declined. As I write news comes that

another experiment, in the Bombay district, has been pronounced a failure.

Yet we must not be lulled by this into a false sense of security. Those who hold the Prohibitionist faith are absolute zealots, and, like all zealots, entirely unscrupulous in the pursuit of their ends. To them drink is *the* evil, and you can employ any methods you like, fair or foul, to exterminate it. The force of bigotry is prodigious, especially in a country like ours, where the normal man is easy-going and disinclined to look ahead. And no doubt a strong effort will be made to impress the young women now to be enfranchised. Woman has rather rudimentary notions of abstract right and justice; she has a motherly, not to say, grandmotherly attitude towards Man, and would be quite prepared to vote for compulsory woollen drawers, statutory hours for going to bed, and anything that will keep him safe at home. She is strong for the abolition of all temptations—except herself. So I utter a word of warning; for a great many Prohibitionists are biding their time, knowing the word is unpopular, and flying, for the time being, the colours of Local Option, Disinterested Management, and other well-known means of manœuvring people gradually into the dry and drouthy lands.

I noticed, for instance, that in October last, when the Prohibition poll was about to be taken in New

Zealand, a cable was sent to the Anti-Liquor League, Wellington, in the following terms:—

“ We, the undersigned, desire to inform our comrades in New Zealand that if we were in their position we should unhesitatingly cast our vote in favour of the total prohibition of the Liquor Traffic.”

It was signed by Philip Snowden, M.P., Mrs. Snowden, Rev. J. Barr, M.P., W. Graham, M.P., Tom Groves, M.P., J. H. Hudson, M.P., Tom Johnston, M.P., Rosslyn Mitchell, M.P., and Dr. Alfred Salter, M.P.—an imposing group of names.

As far as the outlook of the different parties is concerned at this time, it may be definitely asserted that Conservatives generally believe that the present position is distinctly satisfactory, but are disposed to consider proposals so to amend the Licensing Act of 1921 that the permitted hours for sale and consumption shall be uniform and fixed by statute, in order to avoid the present anomalies which have resulted from leaving the magistrates to fix them; so that on one side of a London thoroughfare, for example, you cannot get a drink after 10 p.m., while on the other side the houses are crowded (and overcrowded) till 11 p.m. Indeed I think there is a disposition to think that restrictions are rather *too* drastic, and that some

small relaxation would be justifiable, particularly in the case of bona-fide clubs.

The Socialist Party, in the past, has always been strong for "local Option," but apparently is conscious that the question has its perils, and now proposes "to appoint a Royal Commission to inquire into the whole subject." I should, however, expect to see a large number of Socialist candidates pledging themselves as individuals to Local Option.

The Liberal Party has not, up to now, officially adopted any policy—it has sad memories of previous experiments: but Mr. Lloyd George's reference to the Drink Bill suggests that some proposals will ultimately be made, and it is certain that great pressure is being applied by various temperance organisations and religious bodies to force local option on the Party.

The recommendations of the Temperance Committee of the "Liberal and Radical Candidates' Association" are embodied in a report entitled *Liberal Temperance Policy*, which certainly has a quasi-official flavour. They are of a more complicated character, and appear, in the main, to be a return to the principles of the Liberal Licensing Bill of 1908.

I have now arrived at a point where I must explain, for the benefit of readers who have not studied the subject, what our present system is

and what these suggested remedies, such as Local Option really mean ; and, once again, I must ask them to follow a little history. Not to speak too precisely, it may be said that for a very long time past (at all material times, as lawyers say) no person has been allowed to retail intoxicating liquors without obtaining from the magistrates, at their Annual Licensing Meeting, a retailer's licence, which licence normally remains in force for one year. At one period licences were granted in too great profusion, and about 1890 magistrates were strongly in favour of reducing the number. They, therefore, adopted the practice of refusing, at their annual meetings, large numbers of licences, not because of any misbehaviour on the part of the licensees, but simply because the licences were "redundant"; and a famous decision in the Courts laid it down that they were entitled to do so—because a licence was in form and in fact only a permit to sell for one year.

The "Temperance Party" were strongly in favour of the reductions. They stressed the "annual" character of the licence; and they pointed out that a licence conferred, and conferred gratis and for nothing, a valuable sort of monopoly, which the State should resume. Even less prejudiced persons were ready to agree that a monopoly of some value was presented to the holder of a licence. If you restrict the channels

by which any commodity may be supplied to the public, those channels which you leave open become valuable assets. If cocoa could only be sold by certain people in certain houses, Messrs. Rowntree, Cadbury, and Fry would instantly endeavour to purchase those houses, and would bid against one another to secure the only means of marketing their wares. So had brewers acquired licensed premises at high prices—and the licence had become a very valuable thing; for it must be noted that the licence is granted to John Smith to sell, not everywhere, but at “The Green Dragon” alone. The prevailing practice is that a brewery purchases the *house*; and either lets it to a tenant who is the actual licensee and retails the beer, which he agrees to purchase from that brewery; or sometimes the brewer puts in a salaried manager who is the licensee and sells the brewer’s liquor. Thus what is known as the “tied house system” grew up.

Very often, then, a house only having a “bricks-and-mortar” value of £2000 might and did change hands for £10,000 or more, because a licence attached to it.

The first recipient of the licence received an extremely valuable present no doubt, but the person who purchased from him, of course, had to pay the full value. Such property continually changed hands on this basis, which, of course, would have

been a ridiculous basis if the licence in question were really doomed to expiration at the end of twelve months. But the prices were paid on the assumption that the Magistrates would renew, as a matter of course, unless there had been some complaint against the conduct of the house. And indeed this had been for a long time the general practice of the magistrates. So that not only were market prices of such property founded thereon, but death duties were also charged on values assuming continuity, and in one case at least the life tenant of some licensed houses was restrained by the Courts from abandoning the licences, on the ground that the reversioner had an expectation which would be prejudiced by their extinction. As for the monopoly value, while the State might well refuse to grant such a privilege without exacting a return in future, it was clearly inequitable to demand it in respect of existing licences in view of the history I have related. Great unfairness, too, was created by taking away Smith's licence, for which he had paid, say, £5000, and leaving that of Jones, purchased for a like sum, simply because two houses were not required in that particular place. Why sacrifice Smith rather than Jones? This was inequitable as between individual owners.

To put this situation on a reasonable footing, the Conservative Government passed the Great Act

of 1904, now incorporated in the Consolidation Act of 1910, which is the key-statute to the licensing question. Once again I must use wide and not exact language in summarising its principles. It enacted that every owner of licensed property should contribute to a compensation fund. Out of this fund compensation is paid to the dispossessed owner whenever a licence is refused on the ground of "redundancy." The Justices, now as before, may refuse a licence if the licensee has been guilty of misconduct, and in that case no compensation is paid. It may almost be described as a system by which owners of licences are compelled to insure themselves against the risk of their licences being extinguished on grounds of public policy—the possible mortality being limited by the amount of the fund available for compensation in the hands of the magistrates. The compensation, of course, is based on the difference between the value of the premises *with* a licence and the value *without* a licence. The total amount paid into the fund so raised since 1909 has been about £19 millions, and the number of licences extinguished under the provisions of the Act has been nearly 16,000.

This machinery only applies to *old* licences, that is, to licences granted before the passing of the Act. All new licences granted since that date have been subject to a new procedure. The

“monopoly” is no longer granted for nothing; but, upon the grant, the person obtaining it must pay the “monopoly value,” and that, like compensation, is based on the difference between the “bricks-and-mortar” value of the premises and the value they may be expected to bear with a licence attached.

This Act has, therefore, enabled the magistrates (i) to weed out unnecessary licences entirely at the expense of the “trade,” without hardship to the individual or cost to the public, and (ii) to secure for the public ever since 1909 and for the future, an adequate return for the privilege conferred.

The “Temperance” Party—I am obliged, for the sake of brevity, to employ for these people a wholly undeserved title—were furious, because, they said, the Act had “fettered the discretion” of the magistrates and conferred upon owners a “freehold” in their licences. This is a most incorrect and misleading way of stating the position; but it is true that the owner of a licence is no longer liable, while he behaves properly, to be suddenly deprived of that for which he has paid in open market a very large sum of money. And there is every reason why such qualified security of tenure should be given. As the old, dingy taverns are weeded out under the Act, magistrates are becoming more exacting in their requirements respecting the proper planning,

sanitation, and accommodation of houses. They are very properly reluctant to grant new licences except to extremely substantial, well-designed, and well-constructed premises.

Owners of old licences, too, are, in practice, compelled to keep the premises in good condition and repair; for, in the case of old licences (with certain exceptions) the magistrates may refuse to renew on the ground that the premises are "*structurally deficient or structurally unsuitable*" without any compensation at all.

Now, if an owner may, without any fault of his own, and simply because the magistrates consider that there is a superfluity of licences in the neighbourhood, find the licence of his house refused at the end of any year, how can he reasonably be expected to undertake expensive repairs and decorations? How will he ever be encouraged to come forward with proposals for improvements? How can the licensee himself be expected to take scrupulous care to avoid offence? "A short life, and a lucrative one" would be the motto.

As things are, both brewer-owner and licensee-tenant know that only misconduct (broadly speaking) can cause the uncompensated extinction of an old licence, and therefore the owner is ready to spend large sums for and upon the house, and careful to select thoroughly capable and conscientious tenants (or managers) who will not be likely to

jeopardise so valuable a property. The magistrates, too, are very particular about the character and qualifications of proposed licensees. And these conditions all tend to the improvement of the premises, the observation of the law, and the prevention of drunkenness.

The Liberal Government introduced, as a measure of "Temperance Reform," a licensing bill in 1908. There was unusual excitement in the country; innumerable meetings were held against and in favour of the measure; it was, without doubt, extremely unpopular, and when the House of Lords rejected it, the Government knew better than to appeal to the country. The main provisions were that at the end of a "*time limit*" of fourteen years, all licences (including the goodwill of the trade) were to be confiscated; and regrants and renewals would only be made on payment of the full "monopoly" value. In other words, if the owner wished to retain his licence he would have to buy back again from the State that which he had originally bought in the market and which the State had taken away! The old argument was used—"a licence is only a permit to trade for a year." This, of course, ignored the settlement made by the Act of 1904. During the "*time run*" licence-owners would go on providing compensation for those houses which would be extinguished under the provisions

of that Act—buying out their competitors in fact—but at the end of the period, if they survived, they would themselves perish uncompensated. The idea that to give a man fourteen years' notice of inevitable destruction, is, in some way, equivalent to compensating him, could only commend itself to the bigotry-blurred mind of the "Temperance" extremist. It was a gross piece of injustice even then, but now that the settlement of 1904 has been in force for twenty-one years more, it would be a monstrous outrage, besides being thoroughly bad policy. But this was not to be the end of it. At the end of fourteen years, when Messrs. Smith had bought back from the State, let us say for £50,000, the licences for which they had already paid £50,000 to private vendors, there was to be *no security at all*. These licences were to be at the mercy of the system known as "Local Option." This system, which has failed dismally wherever it has been tried, enables the majority of the population in any given area, upon a poll, to say whether there shall be, in that area—

- (1) Fewer licences (limitation).
- (2) No licences at all.
- (3) No change.

Three people who *don't* use a public-house can stop two other people who *do* from having one in that area. "No licence" means local prohibition,

of course. It also means that one side of a street may be dry and the other side wet. It has never been accompanied by compensation provisions. It has all the demerits, and none of the logic of prohibition, and it would instantly check the expenditure of money on the improvement of public-houses.

What moral right Smith, Brown, and Jones (teetotallers) can have to prohibit Robinson and Thomson getting a drink, I, for one, have never been able to understand. But, of course, it doesn't really prevent people getting drink—it only prevents them from getting it in public-houses. And, it should be added, in clubs—for unless you include clubs the system is clearly useless. Therefore it interferes with the working-man, but leaves unscathed the wealthier tippler who can arrange for ample private supplies. It is “class” legislation of the rankest variety.

Scotland had the misfortune to be put under this precious system in 1920, so that we have some experience to go by. Polling, on the first occasion (1920), took place in 584 areas. In 508 there was “no change,” in 35 there was limitation, and 41 went “dry.” This has the effect of extinguishing 446 licences, and the *official* cost of the polls alone was just under £30,000 !

In 1922 three polls were taken—result “no change.”

In 1923, 257 areas polled, with the following results :—

No change . . . . .	208
Limitation . . . . .	2
No licence . . . . .	0
Continuation of limitation . . . . .	16
Continuation of no licence . . . . .	18
Repeal of limitation . . . . .	6
Repeal of no licence . . . . .	4
Further limitation . . . . .	3

Official cost of polls £19,000.

In 1926 there were polls in 113 burghs—none went “dry,” but eleven remained “dry.”

In 1927, 170 burghs polled—none went “dry,” one remained “dry.”

In 1928, fourteen parishes and two burghs held polls, one went “dry,” and two remained “dry.”

It has been an expensive farce, and there is not a shred of evidence that it has promoted sobriety in Scotland.

Yet to the iniquities of “time limit” and the futilities of Local Option the Radical candidates propose to pin their party again ; for they blandly remark :—

*“The correct line of advance towards a solution of the problem is to be found in the proposals made in the Licensing Bill of 1908.”*

I am bound to allude, before leaving the subject, to some recent Bills, introduced by the Bishop of Liverpool, the Bishop of Oxford, Lord Balfour of Burleigh, and Mr. Ammon and others. They show the direction in which the indefatigable Local Optionist is now creeping. He has got hold of the notion that the bitterness of that prescription may be slightly sweetened by the insertion of another "option," which he sometimes calls "*Reorganisation*," sometimes, more candidly, "*State Ownership*." This is alleged to be of demonstrated value, in consequence of a scheme inaugurated at Carlisle during the War, and specifically designed to meet unusual local conditions—an enormous settlement of munition workers. The Government took over all the breweries and all the public-houses in that district, (at prices and under conditions which were quite abnormal), and has since run the business through a "Board"; and has, on the whole, made a financial success of it. That seems to be about as much as one can say about the system. The Board have improved their licensed premises, but so have private owners: Carlisle has become more sober, but its progress is not more notable than that of other places. Real Prohibitionists condemn the system. But I am inclined to think myself that its advocates have an ulterior design—the Socialists like it because it savours of nationalisa-

tion, and the Liberals because it is a way of abolishing brewers and publicans whom they dislike on party grounds, and when they have grabbed all licences, then by this tortuous and indirect method (dear to Liberal mentality) they will be enabled to filch what little liberty we may have left.

A very important fact to remember is that as licences have been diminished and restrictions have been multiplied, Clubs have enormously increased in numbers and membership. Working-men's Clubs are excellent institutions on the whole, but they are free from magisterial control, immune from police supervision, and since the members, besides enjoying a variety of innocent recreations, also consume beer—it is plain that you cannot properly “dry up” an area by merely voting “no licence.” The Local Optionist, therefore, generally proposes that “*no licence*” shall also mean “*no clubs*.” Working-men, I trust, will not fail to be warned of the peril in which their clubs stand.

I conclude, as I began, by reaffirming my belief that all these remedies are morally unjustifiable and practically unworkable. The Prohibitionist at least has the courage of his convictions, he is “the erect, the avowed, the manly foe”; those who advocate “Time Limits,” “Local Option,” “State Control,” and the rest of it, really mean Prohibition in the long run, but have not the pluck

to say so. I am convinced that our present system gives more than adequate control to magistrates and police ; that owners and licensees are anxious to observe the law ; that getting rid of slums, dirt, and ignorance, not getting rid of clubs and public-houses, is the sane path to sobriety ; and along that path we should advance steadily—as free men of our own free will, not along the path that leads to moral slavery under the lash of sour-visaged puritan overseers, who

“Compound for sins they are inclined to,  
By damning those they have no mind to.”

## CHAPTER XV

### FINANCE

"PEACE, Retrenchment, and Reform," the old Liberal slogan, was and is a very effective cry, and, unlike some cries, indicates a sensible policy ; but an examination of the history of the Liberal Party shows that they have seldom, if ever, attempted to put it into practice. Merely being unprepared for war is a very different thing from securing peace, and unluckily retrenchment and reform are generally found to be incompatible in practice. None the less, of all the charges which the Liberal Party bring against the present Government, the charge of extravagance is, perhaps, the most frequent. Their own past, however, hangs round their neck like a millstone, and at the risk of repeating myself I am resolved that my readers shall not forget it ; it is not a dead past at all, for everything they say shows that they are proud, not penitent, and resolved to reproduce, if they get the opportunity, the main features of their policy when they last held office. That was a period of nine years—from 1906 to 1914—

and for the first four years they had an overwhelming majority. To what, then, did their "retrenchments" amount in practice? In times of peace, when, according to themselves, there was no danger of war (though others knew better), they raised the expenditure of this country from £149,637,000 (1906-1907) to £197,493,000 (1913-1914)—an increase of £48 millions! In another chapter I have given a specimen of their finance—the land taxes imposed by "The People's Budget," which yielded £1,330,000 and cost more than £5 millions to collect. Even in the days of the Coalition Mr. Lloyd George invariably displayed all the tendencies not of the economist but of the spendthrift. That is the record of the Party which has the effrontery to accuse the Baldwin administration of extravagance!

I have read with care the "Yellow Book" (*Britain's Industrial Future*), and every time I turned a page I seemed to see the millions of expenditure piling up. Roads, afforestation, land reclamation, work on harbours and docks—no paltry tinkering and patching, but developments on a grand and sweeping scale are proposed. Does anybody believe this will cost nothing? Mr. Lloyd George says abnormal employment will be eliminated. How many unemployed does he propose to absorb on this work? Surely close on

a million. And he says you can put 5000 men on work for a million pounds. Do the sum, then, and see, when you have done it, whether you still believe Mr. Lloyd George when he pledges himself to perform this miracle "without adding one penny to national and local taxation." Some people have called him "The Welsh Wizard": I do not like nicknames, but if he can do that I own I shall condescend to a transatlantic idiom and exclaim "Some wizard!"

It can be done, he assures us, by anticipating our income. Most of us have done that from time to time in our private affairs, and *my* experience of it is that it is not cheap.

Plainly, however, the Road Fund is to be utilised for these glorified relief works, and if that is so, since you will still require a road fund for other purposes, more money will have to be extracted from the taxpayer to make good that deficit at least.

In short, the proposals may be justifiable, nay, unavoidable; and I should be the last to deny that many of them might prove ultimately remunerative, *indirectly*, but I am quite positive that (in his own immortal phrase) he will have "to raid the hen-roosts" before much is accomplished.

If Liberals were straightforward they would fairly warn the electors that their plans (though statesman-like, of course) would be costly.

Indeed the "Yellow Book" does go so far as to admit that there is little hope of any substantial reduction of our expenses, except in one sphere. What is that? My readers have guessed it already, for Liberalism *never* changes—the fighting services, of course. Here, it is suggested, we may effect a reduction of £40 millions, or roughly one-third of the total; and this apparently can be done whatever the course of disarmament negotiations may be. Let us briefly analyse the figures. Of the total sum allowed for the defence services in 1928, viz. £114,600,000, no less than £16,800,000 was attributable to pensions and retired pay. Do you hear the Radical candidate proposing to reduce that? You do not: let us proceed.

We are left, after deducting this sum, with £98 millions; and therefore to knock off £40 millions, on the proportionate basis of expenditure as it is, the table will work out as follows:

For the Navy: £49 millions, reduced by £20 millions, leaves £29 millions.

For the Army: £33 millions, reduced by £14 millions, leaves £19 millions.

For the Air Force: £16 millions, reduced by £6 millions, leaves £10 millions.

We might as well cease talking about the defence services, and fall back upon the British Fascisti

and the Boy Scouts for the defence of the Empire as consider this Bedlamite proposal.

Socialists, to do them justice, do not seek to disguise their intentions. Mr. Snowden said at Colne Valley on February 25, 1929, that if the Socialist Party is returned at the next election they will bring their "whole, complete programme" into operation at once. It is comprised in a manifesto of sixty-seven heads: and Mr. Snowden, if I remember rightly, has admitted that at least sixty-five of these would involve increased taxation. At the same time, they propose to abolish the "breakfast table" taxes, and tobacco duties, and some others.

I hazard an estimate of expenditure involved in their proposals:

(1) Abolition of tea, sugar, and tobacco duties, etc.	£82,000,000
(2) Extra 10s. a week to Old Age Pensioners at sixty-five	33,000,000
(3) £1 a week Widow's Pensions (non-contributory) and more if widow is over forty	65,000,000
(4) Unemployed. Increased benefits, no contributions	51,000,000
(5) Health Insurance. No contributions, increased benefits	27,000,000
(6) Increased cost of education schemes	32,000,000
(7) Other pension charges and health benefits	21,000,000
(8) "Work or maintenance"	50,000,000
Total	£361,000,000

Reduce it by more than one-third, if you please, and still not a penny less than £200 millions will be required for financing those sixty-seven articles of Socialist faith.

Whence will the money come? Why, of course,

from the millionaires, profiteers, landlords, idle rich, and the rest of the rogues who have too much. But even their purses have a bottom. The proposed " Surtax " is estimated by optimistic Socialists to yield £86 millions. Better-informed financiers put it at about half that.

Neither by increasing Death Duties, nor by reviving the discredited Land Taxes, can the stupendous deficit still remaining be filled.

Let me, however, pass from proposals and estimates to ascertained facts. Compare the financial conduct of the present Government with that of their predecessors, the Socialist Government of 1924-1925, and see what ground of complaint a fair-minded critic can have.

Have we indeed been extravagant? Have we indeed raised taxation? Have we starved the " social services " for our beloved armaments? For all these allegations are made by Socialists as well as by Liberals.

Before making a comparative table of the Socialist Budget of 1924-1925 and the Conservative Budget of 1928 it should be noted that certain alterations were made, in 1928, in the mode of presenting the " financial statement." The expenditure of self-balancing services (Post Office and Road Fund), and the provision for the Sinking Fund were excluded from the total expenditure. At the same time, accounting

changes were made with a view to the exclusion from the Budget of certain items which had previously entered into both revenue and expenditure. For the purpose of the new form of presenting the Budget (now really on a net instead of on a gross basis) the provision for interest on savings certificates was also excluded. Here is the parallel table after the necessary adjustments :—

	1924. Audited expenditure. (£000.)	1928. Original estimates. (£000.)
Consolidated Fund Services.		
Debt Interest (excluding Savings Certificates)	£301,582	£290,400
Payments to Local Taxation Ac- counts, etc.	13,967	14,200
Payments to Northern Ireland Ex- chequer	3,822	5,600
Other Consolidated Fund Charges :	2,024	2,600
Land Settlement	664	—
Total Consolidated Fund Services	<u>£322,059</u>	<u>£312,800</u>
Supply Services (excluding Post Office).		
Army Votes	£44,937	£41,050
Navy Votes	55,694	57,300
Air Votes	14,600	16,250
Civil Votes	227,051	223,804
Customs and Excise and Inland Revenue Votes	10,845	11,777
Total : Supply Services (exclud- ing Post Office)	<u>£353,127</u>	<u>£350,181</u>
GRAND TOTAL	<u>£675,186</u>	<u>£662,981</u>

From this it will be seen that not only had the Conservative Government in 1928 reduced expen-

diture on that of the Labour Government of 1924 by £12 millions sterling, of which £5½ millions represented reduction on Imperial Defence, but it had also provided, while making that reduction, an additional £24 millions for Beneficial Services.

It is always suggested that insufficient attention has been devoted to reducing the number of officials, but from the time the present Government took office up to April 1, 1927, the total number of officials was in fact reduced by more than 7000. Since then, owing to the spread of unemployment, new social legislation, and to kindred work, the number has very slightly increased, but the Government is still making reductions, and by 1932 we may hope there will be 11,000 posts in all fewer than on April 1, 1927.

Both the Liberal and the Socialist programmes, on the other hand, quite obviously involve the multiplication of inspectors and other officials by an appalling figure. The Socialist State is bureaucracy "writ large," and anybody who wants a change from cross-word puzzles can study some of the Liberal schemes for new ministries, boards, and committees, and divert himself by trying to work out approximate figures of the additional secretaries, accountants, clerks and typists required to staff them.

Let me take some of the criticisms of Conservative policy. No previous Government has done

so much to meet its obligations and to provide for the well-being of all those classes in the community which need help. The Budget of 1928 can be analysed as follows :—

Debt Services, which are obligatory	£304,000,000
Grant Services, which are statutory payments towards the cost of services rendered by the Local Authorities	101,033,000
National Pensions and Insurance	134,250,000
Defence	99,007,000
Tax Collection	10,774,000
All other Services	27,517,000
	<hr/>
	£676,581,000

By way of comment it may be pointed out that the Debt Services—which in the current year and in future are fixed at £355 millions, so as to enable the National Debt to be wiped out—are not variable. Grant Services may be modified by the Local Government Bill, but nowadays Local Authorities are asking for more, not less, and the policy of the Government has been to combine efficiency with economy. Pensions can be taken as more or less fixed; the saving on War Pensions is balanced by the increase in Old Age and kindred pensions. Defence has been declining in cost, and is much less than when the Labour Government was in office. Nothing is so difficult to alter as the amount spent in the Social Services. Not a single Party recommends any reduction in this respect. The Labour Party promise their vast increase and the Liberal Party leave this aspect of

finance alone. The difficulty of making any alteration is proved by the fact that more than 50 million units of benefit are distributed every year to a population numbering 42,767,739. This shows, of course, that many families receive quite a number of benefits, and explains why the policy of scaling down is almost impossible at the present stage. The Government finance has not only been the victim of the General Strike and the coal dispute, but it has also suffered in many ways through unexpected causes. Thus, take Old Age Pensions. Under the old non-contributory Act these have increased automatically by £8,579,000 in these three years, simply by the rise in the birth-rate of seventy years ago. The Liberals are at present clamouring for economy, yet the one real item of increased expenditure in the Civil Service during the past three years is due to the fact that Mr. Lloyd George, in a flurry of legislation in 1908, did not draw up adequate actuarial calculations as to what the actual number of people seventy years of age would be after twenty years. Ordinarily the increase would have been about £4,250,000, but, of course, after the War we doubled the Old Age Pensions owing to the enormous increase in the cost of living.

In other words, the Conservative Party has carried on its finance on a sound and beneficial basis during its period of office. Taxation has

been heavily reduced. £40 millions of direct taxation was remitted in 1925, mainly as a result of the Income Tax reduction of 6*d*. Now that the allowances for children have been increased, a man and wife with three children, with an earned income of £462 a year, or say, £9 a week, pays no income tax at all. There also must be taken into account the relief to which everyone is entitled in respect of a housekeeper, a dependent relative and life insurance. The Government's record is as follows :—

*Budget, 1925.* Income Tax reduced from 4*s.* 6*d.* to 4*s.* in the pound. Cost £32 millions.

Earned income allowance increased from one-tenth to one-sixth. Persons of sixty-five or over with investment incomes not exceeding £500 also receive this concession. Cost £27½ millions. 300,000 persons have been entirely relieved from income tax by this concession.

*Budget, 1926.* Three years' average abolished from 1927-28.

Double income tax between this country and Irish Free State abolished. Cost £300,000.

*Budget, 1927.* Certain profits of charities relieved. Cost £100,000.

*Budget, 1928.* Allowances for children increased from £36 to £60 for first child, and from

£27 to £30 for each subsequent child. Relief extended to include year of birth. These reliefs affect families, and will cost £4½ millions a year.

Sugar Duty reduced £650,000, with result that consumers pay £4 millions a year less.

These substantial reductions have cost the Exchequer £80 millions.

Indirect taxation on "basic comforts" (tea, sugar, etc.) raised 4·96 per cent. of the revenue in the Socialist Budget of 1924. In 1928 such taxation raised 4·92 per cent., and this in spite of the need for revenue caused by the industrial dispute of 1926. The changes in indirect taxation during the four years of the Conservative Government have been almost entirely in the direction of luxury taxes in silk, betting, wines, motors and motor spirit.

The only really new tax imposed during the whole of the Government's career was the Petrol tax, and this was introduced simply and solely to create employment by de-rating productive industry. It was therefore of incalculable benefit, and is paid for the most part by the wealthier members of the community for the benefit of the poorer unemployed sections of the nation. Safeguarding Duties have had precisely the same beneficial effect.

The cry of "Economy" is the easiest of all cries to raise, and, overburdened as we are with taxation, it strikes a responsive chord in every taxpayer's heart. But it is usually raised, and it is now raised, most clamorously by those who, at the same time, are trying to seduce the elector with promises of costly schemes for the production of Paradise "in our time."

Nowadays, in the matter of the national finances one has to run extremely fast to stay where one is. Every politician has his favourite economy, and every politician has his favourite "reform"; and in every case the reform costs about twice what the economy saves.

But to leave accountancy and figures and pass to broader animadversions on Conservative finance, I must again return to Liberalism and Mr. Lloyd George. He has two complaints (I quote from his speech of March 2nd, last).

(i) "Their foolish and reckless settlement of the American Debt, without waiting for an international settlement which would have wiped out all debts, given a clean slate, and started the World afresh—that has made it increasingly difficult."

He always sees the dawn (just breaking over the Welsh hills), but usually it is the false dawn. How long, I wonder, would he really have had to sit straining his eyes for the first gleam of that rosy "international settlement which would have

wiped out all debts"—and the rest of it? There never was a sign of any such settlement; there never was the slightest indication that the American people were prepared to pass a sponge over that slate. Accustomed as Mr. Lloyd George is to presenting Britain in an undignified and humiliating posture in the press of the United States, even he could hardly have suggested that we should adopt the rôle of the poor suppliant snivelling to our creditor for compassionate treatment. "It consorts not with our honour"—nor even, to be less high-faluting, with our interest; for one does not see how the finances of our country could ever have been put on a footing of stability while that great matter was unsettled; and we procured the best settlement we could at the time.

At the same time, we have made it perfectly clear that we do not press our debtors to pay us more, on account of wartime loans, than we have to pay our American creditors. That is the nearest approach to the clean slate possible in the circumstances.

After all, to pay one's creditors and be just to one's debtors, though a hard policy, happens to be an honest one. This, of course, does not *necessarily* recommend it to Mr. Lloyd George.

The subject of the "gold standard," I confess I approach with trepidation. There have been two

debates in the House in which very abstruse topics were discussed : the " gold standard " debate, and the Prayer-book debate. For my own part I found theology a trifle simpler than high finance ; but the striking feature of both debates was the violent disagreement amongst the acknowledged professors. Each financial pundit claimed an infallibility beside which the Pope's claims look modest enough ; each one denounced his opponents as heretics. None of them seemed to agree.

But Mr. Lloyd George, anyhow, is confident enough that " the precipitate restoration of the gold standard at an artificial value " was a grievous error, and has acted as a tax on export and a bonus on import. It was also directly responsible, he thinks, for the coal stoppage of 1926. This seems to me pure fiction. I should suppose that producers have everything to gain by getting back to the security of a gold standard, since what they need above all things is confidence. Surely production is not affected merely by the actual falls in prices, but also by uncertainty on the part of producers lest prices may fall still further. By the restoration of the gold standard producers obtained the boon of a greater stability in the exchange value of their currency without the trouble, the danger and the expense, of having to pay for the insurance of their exchange. Under the gold standard they have been able to make their contracts with the

confidence which they lacked hitherto. All the other chief commercial countries adopted the gold standard before we did, and others have done so since, and one result of our policy is that London has again acquired the pre-eminent power in the world's money market which it used to hold. The restoration of the gold standard was certainly not responsible for the Coal stoppage of 1926, which I believe was attributable mainly to the industrialisation of other nations and the excess of supply over demand.

To sum up, the present Government, in spite of spending more on "Social Services," has reduced expenditure, on balance. It has diminished existing taxes, and has not imposed any fresh taxation that really bears heavily on people of modest means. It has not used taxation as an instrument of vengeance or of reward. Its benevolence has been directed to the relief of the aged, the widow, and the orphan, on the one hand; to the relief of productive industry on the other. It has reduced armaments without imperilling national safety. For the future it makes no grandiose promises either of economy or of largesse. In matters of expenditure "*vestigia nulla retrorsum*." A sober stewardship of the public treasure is its aim; not "wizardry" nor parsimony—only common honesty and common sense.

## CHAPTER XVI

### “ SAFEGUARDING ”

OF the many astounding things that one hears said on Liberal platforms I think perhaps the strangest is the statement (which appears quite frequently in one form or another) that “ The prosperity of this country can only be recovered by adhering faithfully to the principles of Free Trade.” Surely the people who make such remarks must be as deficient in humour as they are in logic. What would a dyspeptic patient say to a doctor who told him that the best way to cure his indigestion would be to take no medicine whatever, but merely continue steadily eating all the things that disagreed with him? This country has been on a Free Trade diet for nearly a hundred years now, and here it is with a very agonising pain in its industrial organism. It is certain that Free Trade has not prevented it : it is more than likely that Free Trade has produced it. But the physician who recommends Free Trade as a *cure*, in view of the history of the case, thereby demonstrates himself an imbecile. Nor can it be seriously

argued (though one may hear it done) that the small doses of "Safeguarding" which the patient has been recently taking are the cause of the trouble; first, because everybody knows they are too minute for that, and secondly, because the trouble was there before.

It is out of the question within the compass of a chapter, to discuss in any detail a controversy of such magnitude as that between Free Trade and Protection. How many volumes have been devoted to it I do not know. Mr. Douglas Graham\* has contrived to pack into some 300 pages as much good history and sound reasoning on the subject as is contained in a score of most treatises.

I acknowledge my own indebtedness to this source, and I commend it to the notice of all those who are likely to be engaged in this great debate. One historical fact, however, is worth noting. It is a strange circumstance, that as Liberalism itself was really imported from France, so, too, Free Trade (Mr. Graham points out) originally came to us from the same source. The "Physiocrats" were French Free Traders of the eighteenth century, whose ideas were in the nature of a reaction against the excessive interference with industry in France which had been associated with

\* *The Truth at Last about Free Trade and Protection*, by Douglas Graham (Hutchinson).

the great Minister of Louis XIV, and was known as "Colbertism." Just as one aspect of the Revolution was a struggle for political freedom, so this "Physiocrat" movement was a struggle for industrial freedom; and François Quesnay, the leader of the group, really laid down the fundamentals of Free Trade in the following propositions:—

"Les commerçants de tous les pays ne forment entr'eux qu'une immense republique," and:—

"Qu'on maintienne l'entière liberté de commerce."

Now for some two years before the publication of *The Wealth of Nations* (1776) Adam Smith had resided in France; and one Dupont de Nemours, a member of the "Physiocrat" group, refers to himself and Smith as "Con-disciples chez M. Quesnay."

We may infer, then, that *The Wealth of Nations*, which has been described as a sort of "Gospel of industrial freedom," was to some extent inspired by the views of Quesnay and the "Physiocrats"; and so we may record one more example of those effects produced on Liberalism in England by the great doctrinaires of revolutionary France, to which I have alluded more than once.

"Such were the seeds of Free Trade. How the harvest was reaped in the 'forties, when the Corn

Laws were swept away and Protection died and was damned—"every schoolboy knows." After that time to question the principles of Free Trade was no less absurd than to dispute the movement of the earth round the sun.

Of course it suited England well enough in the early days of the nineteenth century. In the development of steam power, in commercial organisation, in the science of banking, in resources of every kind, financial and industrial we were far ahead of all other nations. No rival had then even begun to develop any industries that had a chance of competing with the manufactures of Britain; and she consequently had no difficulty in establishing herself as "the workshop of the world." What we wanted to do, and what we did, in those palmy days was to import raw materials free of duty in large quantities, to convert them into manufactured goods, and to export those goods to all the countries of the world, without experiencing anything in the nature of serious competition.

Lord Brougham, like many of his contemporaries, thought that if other countries did try to compete with us, our policy "would stifle their infant industries in the cradle." But, like so many predictions of that epoch, this proved false. The parents of these infants were not such fools as to expose them to "Free Trade." They protected them, and consequently they have grown

to robust manhood, and are now attempting to stifle *our* great industries, which pessimists think present signs of senile decay. These are not really decaying, but they are victims of doctrine—of doctrine based, a hundred years ago and more, on assumptions about the future which the future falsified. More than once this doctrine has been challenged—by the “Fair Trade Movement” in the 'seventies; by Joseph Chamberlain, thirty years ago, in his great movement for a “Zollverein” (what an Imperial opportunity was wasted then!); again in 1923, when Mr. Baldwin appealed to the country to break the fetters and fight with free hands—but ever the doctrinaires have succeeded in persuading the people that their food, or their clothes, or their alarm-clocks will “cost them more.”

Nevertheless, breaches have been made in the defences of rigid Free Trade, and some, at least, of the old garrison have come out and joined the besiegers. Lord Melchett in 1929 preaches doctrines that would have been denounced by Sir Alfred Mond in 1909. He has revived the ideas (in a slightly modified form) which were first conceived and expounded by Joseph Chamberlain—the idea of the British Empire as a commercial and industrial unit, endowed with far greater potentialities than those possessed even by the United States of America or the United States of Europe. The

British Empire is, indeed, a marvellous estate, possessing literally every necessity in the form of raw materials, but as yet not half developed, and almost entirely unorganised. Liberals have been brought up to sneer at such ideas; but Mond was a business man first, and a Liberal afterwards, and therefore his views were capable of expansion—and have expanded. Others, too, have followed his example. Even among the Socialists there is a group—and an increasing group—which refuses to bow down blindly in the Free Trade House of Rimmon. Though the Snowden school are faithful to that outworn creed in which they were suckled, yet there are many, including (I believe), Messrs. Maxton and Wheatley, Connolly, Evan Davies, George Spencer, and others, who look favourably on safeguarding. The wonder is that they could so long have failed to perceive the imbecility of insisting on our giving better wages and higher standards to the workmen at home than the competing foreign workman receives, and yet permit the foreign workman's products to flood in and wash their own goods even out of their own home market.

The whole Trade Union movement is essentially Protectionist in character: it started by denouncing freedom of contract, and it has consistently defied those ancient gods—supply and demand.

Yet long after realities have changed, names

persist: long after the old gods have been dethroned, men go on solemnly sacrificing, and solemnly repeating old formulæ which have become either meaningless or worse. In other words, though the religion is moribund, the superstition persists. Free Trade is now really shored up by one or two formulæ of this sort. Take, for example, the favourite dogma, "Exports pay for imports." That, according to the Free Trader, really closes all discussion on the question of safeguarding a home industry against foreign imports.

But the real meaning and origin of this are totally misunderstood. It was, to begin with, an answer to the "Mercantilist" theory which, in the days before Adam Smith, identified gold with wealth, and maintained that imports would have to be paid for in gold, and so the country would be denuded of its wealth. Exports, on the other hand, brought gold into the country, and enriched it. Hence the "balance of trade" theory, and much unprofitable talk about "favourable" and "unfavourable" balances. Adam Smith, however, finally demonstrated the real nature of wealth—that "wealth" is goods; and, when we are speaking of exchange, we must add "services" also. All the phrase "exports pay for imports" really means, then, is that, all trade being at root barter, goods (and services) not gold "pay

for " imports (also of goods and services). It answered the Mercantilist's apprehension that payment for imports would be made in gold, and that, gold being wealth, the country would be so much the poorer. But since about 1880 (the period of the " Fair Trade " movement), the phrase has been monstrously distorted, to convey quite another meaning. The meaning now is that because exports pay for imports therefore unrestrained imports are bound to create employment of labour. Exports, it is said, are the produce of British labour, they pay for imports, and therefore no British labour is unemployed because of imports. This is a ridiculous argument. Clearly, labour is only employed in so far as our imports are " paid for " by the goods which labour produces. The discovery (by Sir Robert Giffen) of " invisible exports " had a curious effect. Hitherto grave fears had been expressed that this country was buying more than it could pay for, because of the discrepancy between our visible imports and our visible exports. The relief at finding that, after all, we *were* paying for what we bought (we seem to have attributed a remarkably trusting nature to our foreign creditors) quite obscured the real point, which is that, for the most part, invisible exports do not connote any employment worth mentioning, and this knocks the bottom out of the Free Trade case. For the

assumption was that we should purchase foreign commodities in exchange for our own, whereby labour would be employed in producing those commodities for exchange. But, like the rest of the Free Trade assumptions, this does not work out in practice. The figures for 1928, as given in the *Board of Trade Journal*, are remarkable. Our excess of visible imports (and bullion) was £359 millions. Against this are set off, on the so-called "credit" side, the following invisible exports :

	(Million £.)
Estimated Excess of Government Receipts from Overseas . . . . .	113
Estimated net National Shipping Income . . . . .	30
Estimated net Income from Overseas Investments . . . . .	285
Estimated net Receipts from Short Interest and Commissions . . . . .	65
Estimated net Receipts from other Sources . . . . .	15
<b>Total . . . . .</b>	<b>508</b>
Deduct excess of visible imports . . . . .	359
<b>Estimated Total Credit Balance on items specified above . . . . .</b>	<b>149</b>

Now these figures are paraded in the Press and elsewhere as evidence of national prosperity. Especially the term "credit balance" is attractive, and is solemnly believed by a great number of people to represent our profits on a year's trade. It represents nothing of the sort. The statement of the balance of trade is not a profit and loss account at all. As the *Journal* points out with regard to the net national income from shipping

services, “ not only does it not represent shipping *profits*, but it does not in any way measure the movement of such profits from year to year.” Exports are the real wealth with which we have parted ; imports are the real wealth which we have received. We call a balance on the export side a “ credit ” balance for very much the same reason that we term the exchange as “ favourable.” It is a relic of “ Mercantilism.” All it means, in actual fact, is that, at the time of reckoning, *debts were due to this country from abroad to the amount stated*. But even this is quite illusory, for actually the so-called “ credit balance ” represents overseas investments which have been made during the past year ; and unless this is remembered the figures are apt to mislead. The figures issued by the United States Government are presented in a clearer form ; even to the extent of including a figure for “ errors and omissions ” and for “ bad debts.” The result is, of course, an exact balance ; which, when we come to think of it and make reasonable allowance for credit, *must* be the case. To quote Professor Bastable (*Theory of International Trade*) :—

“ The establishment of the equation of international indebtedness is for every country what Cairnes declared it to be for the United States— ‘ Simply the condition of her remaining a solvent nation.’ ”

These figures are large, and they are impressive ; but what do they really tell us ? That, as a nation, we are solvent ? Of course they do ! But as far as industry and the employment of labour are concerned, they tell us this, and I will give it in the words of M. André Siegfried, whose very remarkable article, " The Decline of England's Economic Hegemony " appeared last July in the *American Quarterly, Foreign Affairs*. He says :—

" A speaker at the Royal Statistical Society showed he understood the situation when he said : ' the " invisible " people are getting the business. We may think it better that twelve men should be engaged in making boots for export, rather than that one insurance broker should be making commissions of £5000 per year on foreign business, but the fact seems to be that those from whom we buy prefer the invisible to the visible method of payment.' " Commenting on this, Mr. Harold Cox, whose Free Trade orthodoxy will not be questioned, said : " This means that we are buying with our brains rather than with our hands. The foreigner prefers to pay £1000 for the brain-work of one London banker rather than for the hand work of twenty South Wales colliers." .

There is the whole question in a nutshell. No question of national solvency is involved. It is merely that " we are buying with our brains rather than with our hands " ; which is well enough for

the brains, but bad enough for the million and a quarter “hands” that are unemployed. Let us examine some details of our “invisible exports.” The total in 1928 was £508 millions. Imports to that value were received, in one form or another, principally in our excess of imported goods, value £359 millions. Let us admit that shipping employs labour, and leave that item (£130 millions) out. The rest, £378 millions, does not represent employment at all. Can anyone call the “service” of lending capital abroad, for which we received imports as interest to the extent of £285 millions, “employment”? Again, no one wishes to decry the almost supreme merits of our great bankers and the financial classes generally. But they are not “labour.” Yet their “services” brought us in imports to the value of £65 millions. Government receipts (war debts, etc.) are not employment, nor are the other services mentioned. That is to say, all these things are only indirectly, and to a very secondary degree, employment. Your capitalist, with his money invested abroad, doubtless employs servants, gardeners, a chauffeur or so, and, generally, he “spends his money.” But labour, in the true sense, is really employed where his capital is employed : which is not in England.

The problem before the country is the employment of the working classes. The most obvious way to attain this is to insist, as far as is possible and

reasonable at all, on *buying the produce of British labour instead of importing the produce of foreign labour*. 'The balance of trade will look after itself.'

The argument, therefore, which is founded on the proposition that exports pay for imports is, in my submission, entirely unsound, nor do I think there is a single sound economic argument against safeguarding. I believe that up to now it has stimulated employment without enhancing the price of products in those industries to which it has been applied. Up to now the Prime Minister has been justified in saying, as he said at Yarmouth :—

" I repeat the pledge which I have given, that safeguarding will not be used as a side-door or back-door by which to introduce a general tariff until the question of a general tariff has been submitted to the country : a purely democratic proceeding, and, in view of our record, in view of our treatment of this question, the country will trust us and take our word."

Now our " treatment of this question " has been to say to every industry which conceived itself to be exposed to unfair competition, as defined in the Safeguarding Act, that it must first prove its case before an impartial tribunal. But many industries have not been suffered to appear before any such tribunals, and therefore have not even been vouchsafed the opportunity of stating their case.

Take iron and steel. We are importing

3,000,000 tons of steel per annum. In 1913 we had a monthly average of 338 furnaces in blast per annum; in 1928 we had an average of 147 furnaces in blast—and a terrible percentage of unemployment. Surely iron and steel have something to say which at least ought to be heard. Therefore, says Mr. Baldwin, and wisely, “no industry will be barred from making its case, and proving it, if it can, before the appropriate tribunal. I would add one thing. If we are returned to power we have no doubt the procedure needs simplifying and shortening. The too protracted inquiries are bad for business.”

This is common sense, and it is justice. Mr. Baldwin claims no power that he has not received from the electors. He does not claim the right to clap on a protective duty whenever he and the Chancellor think it advisable. The principle of safeguarding is trial and judgment by the Court. But how is that principle observed, in the spirit, if some suitors are arbitrarily denied access to the Court, as now they are?

Both those engaged in the iron and steel industry and those engaged in the textile industries are confident that they have a claim, and to them we ought not “to deny or delay right and justice.”

I have said that eighty years ago to question the doctrines of Free Trade was looked upon as questioning something certain and unalterable like

the motion of the earth round the sun. The solar system, however, behaves as it did in 1845—but the economic phenomena of those days have changed altogether. Resistance to safeguarding now is about as sensible as the resistance which was originally offered to the use of chloroform in midwifery cases—based on no better ground than a narrow and dogmatic interpretation of the text “In sorrow shalt thou bring forth thy children.” No such bigotry must be suffered to prevent Industry bringing forth her offspring painlessly and in profusion.

## CONCLUSION

IN this necessarily meagre and imperfect review of the Conservative outlook, I have tried to show that Mr. Baldwin's Government has lived up to that fine Tory tradition, which insists upon the *national* character of the party, and prescribes for its chief object of solicitude "the condition of the people." I have also examined and criticised the current proposals of Socialists and Liberals in the light of their past records ; and if I have devoted a good many pages to political history, it is because I am firmly convinced that most of the rash judgments and fantastic hopes prevalent to-day are due to ignorance of that subject. How few people ever go further back in their researches than the last few issues of the *Daily Mail* or the *Daily Herald* ! How few form their opinions on political controversies with any knowledge of their origin and development ! Most people, indeed, seem unable to retain in their memory even the events of five years ago. One might as well discuss the Book of Common Prayer without knowing what happened at the Reformation or why—which, of course, is what a good many folks quite recently did.

My submissions, to summarise them briefly, are that the record of the Conservative Party for at least a century shows that it combines with a love of our old English ways and customs a real readiness to redress grievances and to move with the times; that it combines with a respect for authority and order a real love of individual freedom; that it combines with a desire to enlarge this individual freedom a real sense of the truth that we are "members one of another," after all, and must often subordinate our private privileges to the good of the community; that it combines with a dislike of war and aggression a genuine patriotism, a sense of our imperial position, and a determination to maintain it unimpaired; that it combines with a recognition of distinctions of rank and wealth (which you cannot prevent), a real dislike of class-hatreds and snobbery. These are our "lights," and according to our lights we have done our duty resolutely and successfully since 1924.

I go further: I say that there are some duties which any good Government ought to perform, which are of the essence of good Government, and yet in the performance of these duties we have had bitter opposition from Socialists, and only half-hearted and grudging support from Liberals. Let me enumerate some of them.

Surely the very first duty of any Government

must be to protect the liberties of the King's subjects in this realm. How often, in the history of this country, have those liberties been menaced by individuals or by classes ! Kings have tried to enslave the Nation, which it was their duty to protect ; the Church has tried it ; the Barons tried it ; the House of Commons tried it, when, in Cromwell's time, they were guilty of what he called " the most horrid arbitrariness ever seen " ; capitalists tried it in the early nineteenth century, as Disraeli pointed out in *Sybil* ; and in 1926 the Socialist leaders of the Trade Unions seduced their followers into trying it once again. But the Nation has always vanquished any despotic or revolutionary group. Mr. Baldwin's party is, and must be, and was then, the party of the Nation, not of any class ; and therefore the Nation was ranged behind Mr. Baldwin in the days of the General Strike. Despite the opposition of the Socialists, and of a good many Liberals, the Government, in that grave crisis, discharged, firmly but without vindictiveness this, its first and most important duty. The next duty of any Government is the protection of His Majesty's subjects abroad, wherever they may be, upon " their lawful occasions." When our compatriots in China were menaced by ruffians masquerading as soldiers, puppets of Moscow posing as " national " leaders, and mobs in search of loot, the Government again

did its manifest duty. Socialists would have abandoned Shanghai and its community to massacre and rape. Mr. Wheatley and his friends are not concerned, it would appear, with the lives or goods of people who do not belong to their own class. Liberals, again, were critical and far from helpful. But the necessary troops were sent ; and by their extraordinary courage and disciplined self-control in very trying circumstances saved the situation.

Let the electors ask themselves what would have happened on these two occasions, in 1926 and 1927, if the Socialists or their pusillanimous allies had been in office ; and let them consider if the conduct of the Conservative Government has not entitled it to say, " We deserve your confidence, because our policy is to protect the national liberties and the national honour. And we have given our proofs that this policy will be pursued whenever these things are in jeopardy."

A third duty of any Government is to seek and ensue peace at home—peace among classes, peace in industry. Mr. Baldwin's prayer for " peace in our time " has been the subject of many sneers and sarcasms from people whose whole careers have been founded on the fomentation of animosity and strife. But those who have really taken pains to follow the political events of the last four years will remember what the occasion of that prayer was. A private Bill had been introduced,

by a distinguished Conservative member, designed to alter the unfair method of imposing the levy *for the political funds of the Trade Unions*, prescribed by the Trade Union Act of 1913. That method was clearly a bad one, and has since been changed by the Act of 1927. But however desirable the reform might be, Mr. Baldwin did not wish to give, and did not give, to Trade Unionists the slightest pretext for supposing that he was anxious to attack any of their powers or privileges—even though these were susceptible of abuse. He therefore persuaded his supporters to withdraw the Bill, and no steps were taken to alter Trade Union laws until the strikers had shown, in 1926, that such alterations were essential for the protection, not only of the public, but also of the workers themselves. It was not the Prime Minister's fault if his prayer was not heard.

While giving full credit to those Liberals who believe that the elaborate constitution outlined in the "Yellow Book" will tend to produce greater harmony in industry, Conservatives feel that Government intervention should be invited by industry, not forced upon it. We await with intense interest, and shall accept with sympathy, such proposals as may be the final outcome of the "Melchett-Turner" negotiations.

An interim report of a joint committee of employers and Trade Unionists, signed by Lord

Melchett and Mr. Ben Tillett, was recently (March 12th) submitted to the "Conference on Industrial Reorganisation and Industrial Relations"—for that is the proper title of the body which is discussing these problems.

"Rationalisation (of industry) in the widest sense of the word should be pressed forward as rapidly as possible, involving consultation with Trade Unions. The changes involved in rationalisation should be introduced gradually, and the Trade Unions should be consulted as to the best method of dealing with displacement."

It is perfectly clear from this passage in the Report that these experts, representing Capital and Labour, and seeking, without reference to political considerations, better methods of conducting British industry, are themselves only on the threshold of the problem, and have hardly proceeded beyond those first principles upon which nearly everybody is agreed. I submit that it would be both impolitic and impertinent for any Government at the present stage to dictate to industry before industry itself has given a much more detailed indication of its needs. By doing all we can to foster the spirit of conciliation and compromise, which is clearly at work in the conference, and by legislating on those points where industry recommends legislation, and when industry considers that the time for legislation has arrived, we shall

best discharge our duty of promoting peace and harmony at home.

Fourth in my list of a Government's duties—though, of course, it is just as imperative as any of the others—is the promotion of peace abroad. I have already attempted to show, and I believe I have succeeded, that the good work of Sir Austen Chamberlain in this sphere is recognised by all who are not blinded by prejudice. We can and we shall be loyal to the League of Nations, without being foolish enough to place too great a strain upon it by exaggerating its potentialities, as some enthusiastic idealists are prone to do. After all, Great Britain contributes about 11 per cent., and the British Empire about 26 per cent., of the entire revenue of the League! We shall not commit ourselves to undefined obligations, but those we have undertaken we shall punctually fulfil. And while we are as ready as any other party to spare the taxpayer by reducing the expense of armaments, we realise that the defence of our Dominions, the protection of our commerce and our food-supply and, indeed, our obligations under the Covenant of the League and under the Locarno Treaties, involve the maintenance of a large and efficient navy. To suggest that we can make a "cut" of anything like £40 millions a year in present circumstances is sheer insanity. And how far, one asks, will £40 millions go towards the colossal

expenditure involved in the Socialist Programme, or even towards the expenses of Mr. Lloyd George's "lightning cure" for unemployment?

Finally, who can doubt that the rapid and reckless abandonment of British sea-power would be far more likely to disturb the world's peace than to preserve it?

We can say, then, to the electors: "We have done our duty: we have protected your rights in England and in China; and both abroad and at home we have worked for peace."

But we have not confined ourselves to the bare performance of our primary duties. Indeed, I believe that during its term of Office this Conservative Government has put more important measures on the Statute Book than any previous administration has ever done in the same period.

The Widows, Orphans and Old Age Pensions Act, the New Franchise Act, the Local Government Act (to anticipate the Royal Assent), the Trade Disputes Act, the Electricity Act, the Safeguarding Act, the Rating and Valuation Act, the Agricultural Credits Act, the Adoption of Children Act, the Legitimacy Act—here is a list of really important measures, touching every phase of our social, industrial, commercial, rural and economic life. I make no mention of a large number of minor measures—and, of course, the Housing Act of 1923 is outside the period.

The expense of the "social services," which has now reached the colossal figure of about £230 millions, has, of course, been augmented by this legislation. In fact we spent about £20 millions more last year upon these services than the Socialist administration did in 1924. We cannot therefore disguise from ourselves the fact that expenditure of this kind, not directly productive, has practically reached its limit for the present. To increase it is only to increase the unemployment and destitution which so much of it is designed to relieve.

And in this opinion (unless I misconstrue the views he recently expressed in *Britannia*), that eminent Socialist authority, Mr. Graham, would appear to concur. Yet I can discern no recognition of the fact in the sixty-seven articles of the Socialist Creed, or in the latest small library of volumes, Brown, Yellow, and Green, in which Liberals give us a description of "What we are going to receive" when they come back to power.

Their latest startling manifesto is entitled—*We Can Conquer Unemployment*. It envisages the expenditure in two years of a capital sum of £145 millions, by means of which the unemployed are to be set to work on roads and bridges, housing, electricity, land reclamation, land drainage, afforestation and canals. This trifling sum is to be found, it seems, partly by

mortgaging the Road Fund, partly by a revival (under the name of "betterment" taxes) of those old duties on site-values and "unearned increment," which were abandoned nine years ago as fruitless and impracticable. It is claimed that in the second year 750,000 unemployed can be absorbed upon these prodigious schemes. The money must come out of somebody's pockets, anyhow, and whether you take it by way of taxes or by way of loans, you are going to take that which is sorely needed for the nourishment of the great industries, now showing signs of revival, upon which permanent prosperity depends. It is the scheme either of a megalomaniac, or, as I think, of a demagogue who knows very well that he can safely promise what he will never be called upon to perform.

The Conservative Party takes the saner view that to concentrate upon one urgent need is wiser than to attempt the reconstruction of everything. We have grappled with the housing problem, and the shortage has been practically overcome. Now, it is understood, the time has arrived to make an assault on the slums. Here are the breeding-grounds of discontent, disease, ignorance and intemperance. Our work upon roads should be concentrated on that aspect of the road and transport problem which is ancillary to the redistribution and re-housing of the slum population.

Immense sums are already being spent on the upkeep, maintenance and construction of roads throughout the country; and our roads, broadly speaking, compare favourably with those in other lands. But slum clearance admittedly involves the transference of masses of people from crowded areas to settlements in the country outside; factories and works must also be moved to new sites; and where that is impossible, the workers must be enabled to go to and from their work without loss of time and expense.

A vigorous attack on the slums will undoubtedly impose a severe strain on the building trades; it will, no doubt, have the effect of employing a large number of those who are in any way qualified to earn a wage by doing real economic work, as distinct from "relief" work; it will, as every student of slum-clearance knows, involve heavy expenditure; and, in all probability, it will have to be financed by some form of loan.

To this less sensational but more necessary task the Conservative Party proposes to address itself, and upon that task, in my opinion, our efforts, financial and otherwise, should be concentrated—not primarily as a means of providing employment, but because here is a disgrace to our civilisation, a thing that preys on our conscience, an ulcer that poisons our system. We spend so much on health, on education, on training, and

then those monsters the slums devour all the young men and maidens on whom we spend it. One ogre at a time will suffice for the doughtiest of giant-killers, and here is an ogre with several heads!

I say this task faces us as a matter of conscience. To undertake it as a partial remedy for Unemployment might be justifiable; but it would not help us very much, or for very long. The root cause of unemployment is the decay of industry; and the radical cure is first to relieve industry of its burdens, by reducing rates, and secondly to secure for industry a market for its products, by Safeguarding and Imperial Preference.

A new note is sounded in that Report to which I have alluded. It is something novel to see Labour men signing their names to a document which recognises that our dole-fed youth might be encouraged to seek work and a wider life through organised migration to the Dominions. For though it is necessary to transfer miners from Wales to other less afflicted spots in Britain, yet after all that is only like moving from Piccadilly Circus to the Marble Arch in order to get out of the crowd. The Dominions want men (good men, of course), and we want markets; but when the men have gone to the Dominions, they too want markets for what they will produce there. Conservatives have long proclaimed that this question is an Empire question, and at last it seems that Labour—

genuine Labour—has realised that truth. I am confident that salvation is to be found through the co-operation of Capital and Labour in Britain, as the first step, and the co-operation of British industry, so united, with Imperial industry, as the second step.

“The lot has fallen to us in a fair ground: we have a goodly heritage.” The heirs must now set to work in earnest to develop their estate.

I do not pretend to anticipate what the official programme of my Party may include. But my own programme would contain as its prominent recommendations the following points:

I should propose:—

(i) To fulfil those four primary duties of any Government which I have already enumerated. This, I may be told, is a matter of course. So it is with the Conservatives: but not with the other Parties.

(ii) To begin, forthwith, an attack upon the slums, together with the necessary work on roads ancillary to that object; and to spend upon that object all the money I could raise, without impoverishing trade or burdening the taxpayer.

(iii) To give each industry a fair chance to prove its claims to be safeguarded against foreign competition.

(iv) To give legislative force to such recommendations for industrial reorganisation as may be suggested in the form of considered and agreed proposals by industry itself, and those who can justly claim to speak for it. But not to legislate in advance of such proposals.

(v) To watch, with care, the fruition of the numerous new measures passed in the last four years, and to adjust, amend and expand these as experience suggests.

(vi) To refrain from all further interference with private liberty by way of regulations and restrictions, and to inquire into the possibility of relaxing a good many which now exist.

(vii) To proceed patiently with practical proposals for disarmament, in the hope of economising on the services; but to reduce those services no further until other nations have given as much proof of their good faith as we have already given of ours.

(viii) To consult further with representatives of the Dominions, not in the manner of an academic and theoretical debate, but in order to arrive at definite practical proposals, on the question of Imperial Preference and Empire Settlement; inviting, at the same time, the representatives of Capital and Labour in Britain (not politicians) to present their plans.

When those plans have been presented and those proposals made, not to file them in a pigeon-hole, but to put them into operation.

(ix) To refrain from making any substantial addition to national expenditure, except such as may be required in connection with (1) Slum clearance, (2) Empire Settlement, and (3) the further development of the measures of social reform recently passed.

NOTE.—*Any promise to reduce national Expenditure to any considerable extent is a promise to perform the impossible: every politician knows it, and every honest politician will admit it.*

And, finally, (x) As a consequence of (ix), to concentrate rather upon sober finance and sound administration than upon a large legislative output. The question "What is your policy?" too frequently means "What big bribe are you going to offer the electors?" In fact that is what it always means on Radical or Socialist lips.

I have no policy—of that sort. Such "policies" are a speciality of the demagogue, and his only speciality. In my opinion the electors are already beginning to see that these Liberal and Socialist offers of jam invariably conceal a disagreeable aperient.

What is there, after all, so laudable in mere legislative fecundity? Might not a little "*Bill-control*" be good for the Mother of Parliaments?

I should say to Mr. MacDonald, "Better have no children at all than a brood of idiots by a Communist Father": and I should say to Mr. Lloyd George, "We know enough about your offspring: why plume yourself on having '*buried four*'?"

My own policy would mean that for some time to come *The Annual Statutes* would be slimmer volumes. Indeed it can be compressed into two short phrases:—

"UP WITH THE EMPIRE.  
DOWN WITH THE SLUMS."

If we succeed in the first part of that policy, we shall easily be able to pay for the second; and if we succeed in the second part we shall breed the right kind of men to carry out the first.